



we help northern virginia
WORK

January 2011

To Our Northern Virginia Colleagues:

Our primary purpose is to support the Northern Virginia business community and regional employers with a variety of services that provide them with access to qualified and prepared workers. Yet, for many of our friends and neighbors, our workforce and training services throughout Northern Virginia have never been in greater demand. As reported in earlier years, the Northern Virginia **SkillSource** Centers continue to serve unprecedented growth in adult jobseekers looking for employment opportunities. For the fiscal year than ended in June 2010, our Centers hosted nearly 85,000 job seekers. That growth has continued into the new fiscal year and the **SkillSource** Centers are currently on track to have over 100,000 visits by adult jobseekers by June 2011.

National and State labor market data reflect the strength of the Northern Virginia economy, both in terms of relatively low regional unemployment along with the number of new jobs being created in multiple industry sectors. As of December 2010, Northern Virginia registered an unemployment rate of 4.7%, reflecting one of the most vibrant regional economies in the United States. Yet, we know that much more effort is needed to support the thousands of local jobseekers eager to join or re-enter the world of employment.

During 2010, **SkillSource** and its multiple State and local partner agencies continued to deliver outstanding workforce services and to build an effective structure from which to deliver our services. During this past year, **SkillSource**:

- Opened a new Virginia Workforce Center in Prince William. This 10,000 square foot workforce center houses multiple workforce organizations, including the **SkillSource** Group, Inc., Virginia Employment Commission, the Virginia Department of Rehabilitative Services, Northern Virginia Community College, Job Corps, Prince William Public Schools Adult Education, ServiceSource and several programs funded by the Federal Workforce Investment Act.
- Opened a Satellite Employment Center at the Woodbridge Campus of Northern Virginia Community College.
- Expanded our Offender Re-entry and Employment Initiatives at the Fairfax Pre-Release Employment Center to the Loudoun County Pre-Release Center.
- Became an Employment Network for the Social Security Administration's Ticket To Work Program. This new service will allow **SkillSource** to greatly expand our employment services for adult recipients of Social Security Insurance (SSI) or Social Security Disability Insurance (SSDI) who wish to return to work.

The Northern Virginia Workforce Investment Board is one of fifteen local Workforce Boards in the Commonwealth of Virginia, serving over 1.9 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.

We are honored to be part of the Northern Virginia community and thank you for your continued support of workforce efforts throughout the region.

Northern Virginia Workforce Investment Board



Huey Battle
Chairman



Dr. David Miles
Vice Chairman

The **SkillSource** Group, Inc.



Janet Samuelson
Chairman



Karla Leavelle
Vice Chairman

Who We Are

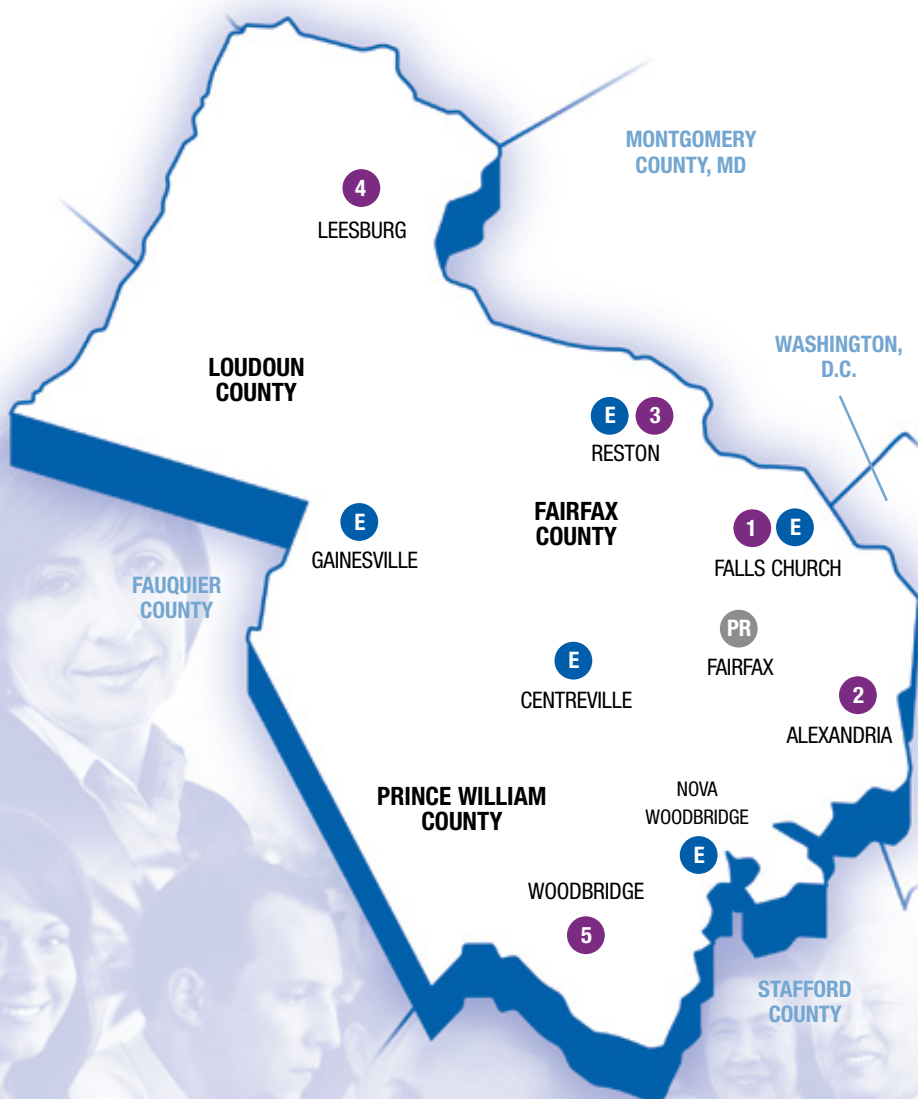
The Northern Virginia Workforce Investment Board (NVWIB) and The *SkillSource* Group, Inc., its non-profit 501(c)(3) arm, administers multiple funding categories and services for the Northern Virginia Workforce System. The NVWIB serves the counties of Fairfax, Loudoun and Prince William and the cities of Fairfax, Falls Church, Manassas and Manassas Park. The NVWIB represents more than 1.9 million residents and nearly 20,000 businesses in the region, the largest workforce area by population in the Commonwealth of Virginia.

NVWIB Vision

A vibrant region that is economically competitive.

NVWIB Mission

To catalyze a world class, globally competitive business environment in Northern 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 to 5:00 pm
Wednesday – 8:30 am to 7:00 pm
Friday – 10:00 am to 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 through Thursday – 8:30 am to 5:00 pm
Friday – 10:00 am to 4:30 pm

3

Lake Anne SkillSource Center

11484 Washington Plaza West, Suite 110
Reston, Virginia 20190
(703) 787-4974
TTY: (703) 787-3166

HOURS

Monday through Thursday – 8:00 am to 4:30 pm
Friday – 10:00 am to 4:30 pm

4

Loudoun Workforce Resource Center

A SkillSource Affiliate
Shenandoah Building
102 Heritage Way, N.E., 1st Floor, Rear Entrance
Leesburg, VA 20176
(703) 777-0150
TTY: 711 VA Relay
HOURS
Monday, Tuesday, Thursday, Friday –
9:00 am to 4:30 pm
Wednesday – 9:00 am to 12:30 pm
1st Friday of Each Month – 1:00 pm to 4:30 pm

Virginia Workforce Center

13370 Minnieville Road
Woodbridge, VA 22192
(703) 586-6800
TTY: (703) 583-6850

HOURS

Monday, Tuesday, Thursday, Friday –
8:30 am to 4:30 pm
Wednesday – 9:00 am to 4:30 pm

E

Emerging Center

PR

Pre-Release Employment Center

About The NVWIB Partner Programs

Fast Facts

Three Northern Virginia localities were among only 17 places in the United States in which more than half of the residents have at least a bachelor's degree – City of Falls Church (69.5%), which topped the list, Fairfax County (58.4%) and Loudoun County (56.5%).

– 2009 American Community Survey

Grand Opening of the Virginia Workforce Center

The Northern Virginia Workforce Investment Board and its State and local partner agencies opened the newly-reorganized Virginia Workforce Center in December 2009 and the Center became fully operational during 2010. This Comprehensive Workforce Center, located at 13370 Minnieville Road in Woodbridge houses multiple organizations, including the *SkillSource* Group, Inc., the Virginia Employment Commission, the Virginia Department of Rehabilitative Services, Northern Virginia Community College, Prince William Public Schools Adult Education, the Job Corps, and ServiceSource along with several programs funded by the Federal Workforce Investment Act (WIA). The Virginia Workforce Center, housed in a 10,000 square foot facility, is part of a growing network of Comprehensive Workforce Centers throughout the Commonwealth of Virginia. The Center is projected to serve over 29,000 jobseeker visits during 2010.



Ribbon-cutters from left to right are:
Deb Stopak of the *SkillSource* Group, Inc.; **Peter Blake**, Vice Chancellor, Virginia Community College System; **Chairman Corey Stewart**, Prince William Board of County Supervisors; **Danny LeBlanc**, Former Special Advisor to the Governor for Workforce Development; **Former Governor Tim Kaine**; **Chancellor Glenn DuBois**, Virginia Community College System; **Congressman Gerry Connolly**, 11th District - Virginia, U.S. House of Representatives; **Janet Samuelson**, Chairman, The *SkillSource* Group, Inc and President of ServiceSource; **Huey Battle**, Chairman of the Northern Virginia Workforce Investment Board and Area Manager, Washington Gas; **Supervisor John D. Jenkins**, Neabsco District, Prince William Board of County Supervisors.

SkillSource Study Shows Strong Return-On-Investment of Local Workforce Services

The *SkillSource* Group, Inc. and the Northern Virginia Workforce Investment Board commissioned a study in 2010 to assess the regional economic impact and return-on-investment (ROI) of the multiple workforce and economic development programs administered by both organizations in FY 2010, in collaboration with other State and local partner agencies. The study, conducted under contract by Mangum Economic Consulting (located in Richmond, Virginia), reviewed the job placement data and other related outcomes from the Northern Virginia Workforce area during the period of July 2009 – June 2010. This study can be reviewed at the *SkillSource* Group website, located at www.myskillsource.org.

In summary, the study shows that the job placement services and career training provided by the Northern Virginia Workforce System have a positive economic impact on Northern Virginia.

- The combined pre-tax income of 568 previously unemployed adults placed into employment through the Northern Virginia Workforce System's programs was approximately \$21.9 million.



- These salaries had a direct economic impact of \$11.8 million and an indirect economic impact of \$4.9 million, for a total economic impact of \$16.7 million.
- In comparing the benefits versus costs of local workforce services, the benefit/cost ratio is 4.5, meaning that benefits are four-and-one-half times greater than public costs.
- If self-referred individuals, who have utilized the Core Services of these programs are included, the combined pre-tax income of 1,518 previously unemployed individuals placed into employment was \$46.1 million.
- These salaries had a direct economic impact of \$24.6 million and an indirect economic impact of \$10.2 million, for a total economic impact of \$34.8 million.
- If this analysis is expanded to include Core Services as well, the benefit/cost ratio rises to 9.3, meaning that benefits are nine-and-one-half times greater than public costs.

Continued Achievements of the Northern Virginia Offender Re-Entry Initiatives

During 2010, **SkillSource** and its multiple State and local partners continued serving recently released offenders seeking employment in Northern Virginia. Since 2003, **SkillSource** has been part of the regional community network managing the Virginia Serious and Violent Offender Re-entry Initiative (VASAVOR) in Fairfax County supporting the transition of long-term incarcerated adults following the completion of their sentence. This chart outlines Fairfax County VASAVOR program outcomes since inception in 2003 to November 2010.

Total Enrolled	380
Total Placed Into Employment	331
Currently Employed	314
Average Salary	\$25,584/year
Total Exited From Program	114
Technical Violations	52
Re-Offended	14 (3.7%)
Federal Bonds Issued	64 (valued at \$335,000)

Compared to a national violent offender recidivism rate of 35% and a Virginia violent offender recidivism rate of 14%, the Northern Virginia VASAVOR recidivism rate is currently estimated at 3.7%. To date, most VASAVOR participants have remained employed with good wages and benefits and secure housing opportunities.

Since May 2008, **SkillSource** and the Fairfax County Sheriff have jointly operated the Fairfax County Pre-Release Employment Center, the first of its kind in a local Virginia jail. Located at the Fairfax Sheriff's Pre-Release Center, employment services are provided to current offenders still in prison and up to three months after their release. This Center maximizes access to the Northern Virginia Workforce System by reaching offenders before they are released from jail; our goal is focused on assisting offenders in attaining long-term, meaningful employment and self-sufficiency, thereby reducing potential recidivism. The chart to the right outlines Fairfax County Pre-Release Employment Center program outcomes from May 2008 to November 2010.

Total Enrolled	276
Total Placed Into Employment	200
Currently Employed	33
Average Salary	\$8.52/hour
Total Employed Exits	77
Re-Offended	17 (6.1%)
Federal Bonds Issued	38 (valued at \$190,000)

Similar offender re-entry workforce services were initiated at the Loudoun Pre-Release Center and the Loudoun Workforce Resource Center in October 2010.

Fast Facts

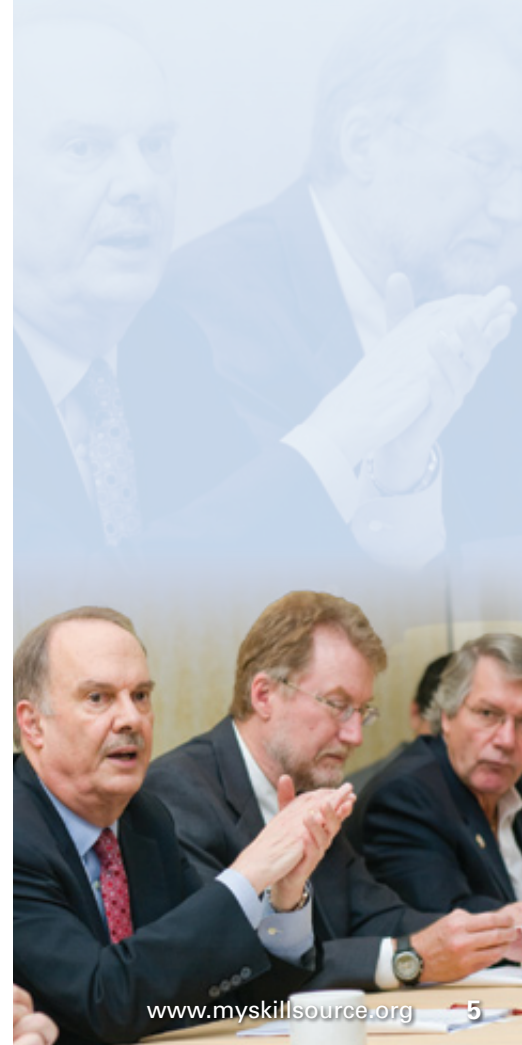
Three localities within the Northern Virginia workforce area are the only ones in the United States with six-figure median incomes – City of Falls Church tops the list at \$113,313, Loudoun County is No. 2 at \$112,021, and Fairfax County is No. 3 at \$104,259.

Two other Northern Virginia localities placed in the top 20 for highest median incomes – Fairfax City is No. 10 at \$96,232 and Prince William County is No. 16 at \$88,850.

– 2009 American Community Survey

The number of jobs in Loudoun County has doubled in the last ten years, reaching more than 130,000 in 2009.

– Loudoun County Department of Economic Development



About The NVWIB Partner Programs (continued)

Fast Facts

The population of Loudoun County grew from 169,599 in 2000 to 301,171 in 2009, an increase of almost 78%.

– 2009 American Community Survey

In 2010, there were 7,266 business reported in Prince William County, an increase of 18% since 2005. In comparison, since 2005, businesses in Northern Virginia and statewide have increased by 13.6% and 9.3%, respectively.

– Prince William County Economic Development Authority, September 2010

El Centro, CA has consistently had the highest unemployment throughout the United States, at 29.1% or 22,452 individuals (November 2010). Fairfax County's unemployment rate is only 4.6% but that amounts to 27,784 individuals.

– U.S. Bureau of Labor Statistics, November 2010

The *SkillSource* Group Partners with Monster and Governor's Economic Crisis Strike Force for Job Seeker Workshops in Northern Virginia

SkillSource, in partnership with Monster and the Governor's Economic Crisis Strike Force, held five Northern Virginia Job Seeker workshops between September 2009 and January 2010. These workshops were free to the general public. Over 500 job seekers registered and attended these sessions. The Northern Virginia Job Seeker Workshops were a high intensity



event designed to both empower and educate job seekers on how to stand out in a crowd and present themselves as the best candidate. These were live events facilitated by professional presenters who were experienced recruiters and industry experts.

SkillSource and the Governor's Economic Crisis Strike Force also brought multiple State and local agency representatives to each Job Seeker Workshop with a Community Resource Fair. Representative agencies included higher education, employment, social services, housing, health and other related non-profit organizations, with all agencies highlighting their services to Northern Virginia citizens seeking assistance or guidance.

Northern Virginia Growing America Through Entrepreneurship Program (NOVAGATE)

The Virginia Community College System (VCCS) Workforce Development Services, in partnership with *SkillSource*, was selected in 2008 as one of four national sites to receive grant funding from the U.S. Department of Labor for its Northern Virginia Growing America Through Entrepreneurship Project (NOVAGATE). This collaborative effort focuses on providing entrepreneurial training to dislocated workers age 45 and over so they can establish new businesses, as well as start and sustain successful self-employment. The goal of NOVAGATE



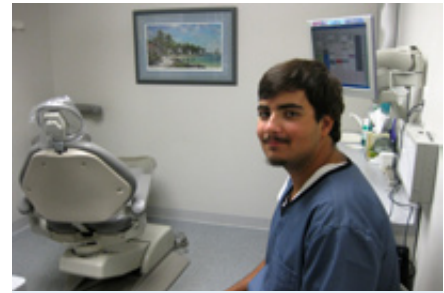
is to provide direct services and a training curriculum that offers a viable alternative to traditional employment for older dislocated workers and to integrate entrepreneurial services into the workforce system. In addition to program brochures that are available in multiple languages, *SkillSource* has also produced an orientation video for interested NOVAGATE participants and recently launched a new project website at www.mynovagate.org. The NOVAGATE initiative has been such a success that the VCCS has replicated this initiative in the Greater Richmond, Virginia region. The table to the right represents NOVAGATE outcomes from May 2009 to December 2010.

Workers Enrolled in Program	93
Workers Attending Business Training	87
Number of Businesses Launched	31



The 2010 Summer Youth Employment Program

The **SkillSource** Educating Youth Through Employment (EYE) Program continued through the summer of 2010, along with two other summer youth employment programs targeted at youth eligible for Workforce Investment Act (WIA) and Temporary Assistance for Needy Families (TANF) services. Since 2006, **SkillSource** has administered the EYE program in collaboration with Fairfax County's Youth Employment and Training Services. Young adults between the ages of 16-21 are hired or sponsored by local employers for a summer work experience and are required to attend job readiness workshops throughout the course of their employment. For the first time, the Northern Virginia Regional Gang Taskforce participated in the program and sponsored 14 young adults. With funding from the American Recovery and Reinvestment Act and TANF Emergency Funds from the Fairfax County Government, an additional 100 young adults were also provided paid summer work experiences and were able to attend the job readiness workshops. **Overall, over 140 youth participated in the 2010 Northern Virginia Summer Program and earned over \$155,000 dollars and worked more than 20,000 hours.**



Program Name	Numbers Served
Educating Youth Through Employment Program	42
Career and Educational Opportunities (CEO) Program (WIA Youth)	70
Summer Training and Results (STAR) Program (TANF Youth)	30
TOTAL	142

The Northern Virginia Workforce Investment Board Awards Incentive Payment to the South County **SkillSource** Center



From left to right:

Scott Price, Chairman, Center Certification Subcommittee; **Huey Battle**, Chairman, Northern Virginia Workforce Investment Board; **Myra Mobley**, Center Manager, South County **SkillSource** Center; **Dr. David Miles**, Vice Chairman, Northern Virginia Workforce Investment Board; **Dai Nguyen**, Program Manager, Fairfax County Department of Family Services

New Contract with Social Security Administration for Ticket to Work Program

SkillSource was recently awarded a new contract with the Social Security Administration (SSA) to serve as an Employment Network for SSA's Ticket to Work Program in Virginia, Maryland and the District of Columbia. The Ticket to Work Program is a voluntary program for disability beneficiaries to receive free employment services from organizations designated as Employment Networks by the SSA. These beneficiaries are issued Tickets by the SSA, who then assign those Tickets to an Employment Network of their choice to obtain employment services necessary to maximize their economic self-sufficiency. **SkillSource** is also able to offer more intensive employment services to participants through dual enrollment in Workforce Investment Act programs. The chart to the right outlines Ticket to Work Program outcomes since inception in October 2010 to December 2010.



Total Inquiries	53
Total Ticket Assignments	11
Total Dual Enrolled in WIA Services	3

Grantors, Contributors and Corporate Sponsors

Fast Facts

The overall on-time graduation rates in 2010 in Loudoun and Fairfax Counties were the highest in Northern Virginia, at 94% and 91.2%, respectively.

– *Washington Post, September 2010*

Twenty-four companies in Fairfax County made *Inc. Magazine's* 2010 list of the 500 Fastest-Growing Business in the U.S., more than any other county in the nation.

– *Fairfax County EDA, September 2010*

In Prince William County, over 88% of foreign-born residents speak a language other than English and over 50% say they speak English less than “very well.” Almost 7% of foreign-born residents are below 100% of the poverty level and 18% are 100 to 199% of the poverty level.

– *2009 American Community Survey*

Grantors and Contributors

The SkillSource Group, Inc. honors and recognizes our grantors and other financial contributors for 2009-2010. 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 (ETA)
- United States Department of Labor, Office of Disability Employment Programs (ODEP)
- Commonwealth of Virginia, Virginia Workforce Council
- Commonwealth of Virginia, Virginia Community College System
- Commonwealth of Virginia, Department of Corrections
- Fairfax County, Virginia
- Combined Federal Campaign of the National Capital Area
- Commonwealth of Virginia Campaign
- Project Management Institute of Washington, DC
- Network for Good (Powered by Groundspring.org)
- Dr. David and Melanie Miles
- iDirect
- CareFaxLTC, Inc.
- George Mason University, Office of Continuing Professional Education
- Agir, Ltd.
- ServiceSource, Inc.
- LinkedLines, LLC
- Metropolitan Washington Council of Governments
- Northern Virginia Regional Gang Taskforce

Contributions administered on behalf of NoVAHealthFORCE:

- INOVA Health System
- Virginia Hospital Center
- Northern Virginia Community College
- Reston Hospital Center
- Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
- Potomac Hospital Corporation
- Prince William Hospital System

Corporate Sponsors

The SkillSource Group, Inc. extends our gratitude and appreciation to the 2010-2011 Corporate Sponsors for their outstanding leadership in helping us to keep Northern Virginia working.

Platinum Sponsor: ServiceSource



ServiceSource, Inc., located in Alexandria, Virginia, is a not-for-profit 501(c)(3) organization whose mission is to provide individuals with disabilities an exceptional service delivery experience through innovative and valued employment, training, rehabilitation and support services. As part of the ServiceSource Network, the organization serves more than 11,000 people with disabilities, and directly employs 1,600. ServiceSource also offers outsourcing labor options to businesses and government agencies in a variety of fields, including food service, mail management, administrative services, document management, assembly and packaging, warehousing, shipping and receiving, and logistics.

Silver Sponsor: Micron Foundation

Bronze Sponsors: Agir, Ltd. • Global Link Solutions • Washington Gas



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

	PY 2002	PY 2003	PY 2004	PY 2005	PY 2006	PY 2007	PY 2008
Adult							
Entered Employment Rate	E	E	E	E	E	E	E
Employment Retention Rate	E	E	E	E	E	E	E
Average Earnings	E	E	E	E	E	E	E
Employment and Credential Rate	E	E	E	E	E	E	E
Dislocated Workers							
Entered Employment Rate	E	E	E	E	E	E	E
Employment Retention Rate	E	E	E	E	E	E	E
Average Earnings	E	E	E	E	E	E	E
Employment and Credential Rate	E	M	FTM	E	E	E	E
Older Youth (19-21)							
Entered Employment Rate	E	M	E	E	E	E	FTM
Employment Retention Rate	E	E	E	E	E	E	E
Earnings Change	E	M	E	E	E	E	E
Credential Rate	E	E	E	E	E	E	E
Younger Youth (14-18)							
Skill Attainment Rate	E	E	M	E	E	E	M
High School Diploma or Equivalent Rate	E	E	E	E	E	E	FTM
Retention Rate	E	M	E	E	E	E	E
Customer Satisfaction							
Participant	E	M	M	E	E	M	E
Employer	E	M	E	M	M	E	M

E: Exceeds annual benchmark **M:** Meets annual benchmark **FTM:** Fails To Meet annual benchmark

2010 Audited Financial Statements

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, 2010 and 2009, 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, 2010 and 2009, 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
November 8, 2010

**Goodman
& COMPANY**
Certified Public Accountants
Specialized Services
Business Solutions

2010 Audited Financial Statements (continued)

The SkillSource Group, Inc.

Statements of Financial Position

June 30,	2010	2009
Assets		
Current assets		
Cash and cash equivalents	\$ 629,365	\$ 201,803
Cash and cash equivalents - funds held for others	212,843	611,894
Restricted cash	40,308	42,432
Investments	-	200,000
Accounts receivable	32,858	439
Grants receivable	558,392	668,675
Prepaid expenses	20,868	8,811
Total current assets	1,494,634	1,734,054
Property and equipment - net	413	888
	\$ 1,495,047	\$ 1,734,942
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 694,033	\$ 549,308
Accrued expenses	12,539	8,488
Deferred revenue	23,315	21,920
Funds held for others	212,843	611,894
Total current liabilities	942,730	1,191,610
Net assets		
Unrestricted	512,009	500,900
Temporarily restricted	40,308	42,432
Total net assets	552,317	543,332
	\$ 1,495,047	\$ 1,734,942

The SkillSource Group, Inc.

Statement of Activities

Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total 2009
Revenue, support and other changes			
Grants	\$ 2,536,056	\$ -	\$ 2,536,056
Contributions	-	45,653	45,653
Investment income	12,163	693	12,856
Net assets released from restrictions:			
Satisfaction of program restrictions	47,826	(47,826)	-
	2,596,045	(1,480)	2,594,565
Expenses			
Program services			
Northern Virginia Regional Partnership Contribution	13,236	-	13,236
BRAC National Emergency Grant	678,596	-	678,596
Northern Virginia Career Assistance Loan Program	2,172	-	2,172
Virginia Department of Corrections	137,685	-	137,685
Workforce Investment Act:			
Dislocated worker	485,596	-	485,596
Adult program	478,350	-	478,350
Youth program	255,435	-	255,435
Local incentive	48,684	-	48,684
Project E.Y.E.	46,271	-	46,271
Pre-release Employment Center Grant	94,557	-	94,557
Herb Block Foundation Grant	15,787	-	15,787
ARRA Youth	24,228	-	24,228
ARRA Adult	45,089	-	45,089
ARRA Dislocated Worker	30,348	-	30,348
Gannett Foundation	2,293	-	2,293
Computer Literacy Training	7,610	-	7,610
NOVA Gate	76,182	-	76,182
	2,442,119	-	2,442,119
Supporting Services			
Management and general	155,616	-	155,616
Fundraising	8,509	-	8,509
	2,606,244	-	2,606,244
Change in net assets	(10,199)	(1,480)	(11,679)
Net assets - beginning of year	511,099	43,912	555,011
Net assets - end of year	\$ 500,900	\$ 42,432	\$ 543,332

The SkillSource Group, Inc.

Statement of Activities

Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total 2010
Revenue, support and other changes			
Grants	\$ 3,487,036	\$ -	\$ 3,487,036
Contributions	114,814	46,557	161,371
Rental income	104,779	-	104,779
Investment income	182	-	182
Net assets released from restrictions:			
Satisfaction of program restrictions	48,681	(48,681)	-
	3,755,492	(2,124)	3,753,368
Expenses			
Program services			
Northern Virginia Regional Partnership Contribution	4,401	-	4,401
BRAC National Emergency Grant	574,734	-	574,734
Virginia Department of Corrections	138,977	-	138,977
Workforce Investment Act:			
Dislocated worker	480,477	-	480,477
Adult program	457,327	-	457,327
Youth program	260,990	-	260,990
Local incentive	48,593	-	48,593
Project E.Y.E.	46,875	-	46,875
ARRA Youth	213,474	-	213,474
ARRA Adult	269,469	-	269,469
ARRA Dislocated Worker	532,023	-	532,023
NOVA Gate	232,278	-	232,278
Registered Apprenticeship	63,096	-	63,096
PW Center MOU	50,000	-	50,000
PW Comprehensive Center	177,367	-	177,367
PRC Career Center	28,513	-	28,513
	3,578,594	-	3,578,594
Supporting Services			
Management and general	165,789	-	165,789
	3,744,383	-	3,744,383
Change in net assets	11,109	(2,124)	8,985
Net assets - beginning of year	500,900	42,432	543,332
Net assets - end of year	\$ 512,009	\$ 40,308	\$ 552,317

The SkillSource Group, Inc.

Statements of Cash Flows

Years Ended June 30,

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ 8,985	\$ (11,679)
Adjustments to reconcile net cash from operating activities:		
Depreciation	475	1,329
Loss on disposal of property and equipment	-	61
Change in:		
Accounts receivable	(32,419)	14,561
Grants receivable	110,283	(286,226)
Prepaid expenses	(12,057)	17,081
Accounts payable	144,725	271,718
Accrued expenses	4,051	2,265
Deferred revenue	1,395	(3,080)
Funds held for others	(399,051)	312,714
Net cash from operating activities	(173,613)	324,344
Cash flows from investing activities		
Change in restricted cash	2,124	1,480
Purchase and redemption of investments	200,000	(200,000)
Net cash from investing activities	202,124	(198,520)
Net change in cash and cash equivalents	28,511	125,824
Cash and cash equivalents - beginning of year	813,697	687,873
Cash and cash equivalents - end of year	\$ 842,208	\$ 813,697

To review the 2010 audit report in its entirety, visit the SkillSource Group website at www.myskillsource.org.

Notes to Financial Statements (June 30, 2010 and 2009)

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 Corporation 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. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Corporation and/or the passage of time.

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 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.

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 Assistance Loan Program and are held in a separate account. See note 3 for additional information.

Investments

Investments consist of certificates of deposit. Investments are recorded at market value. Interest is recorded as unrestricted or temporarily restricted revenues.

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 a 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 for Others

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. The Corporation has no control over the decision making process for NoVaHealthFORCE. Revenue and expenses for NoVaHealthFORCE are not reported in the Corporation's statement of activities. Activity for 2010 was as follows:

Beginning funds held for others	\$ 611,894
Contributions received	604,838
Disbursements made on behalf of NoVaHealthFORCE	(1,003,889)
Remaining funds held for others	\$ 212,843

Advertising Costs

The Corporation expenses advertising costs as they are incurred. There was no advertising and promotion expense for 2010. Advertising and promotion expense was \$1,969 for 2009.

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.

Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through November 8, 2010, the date the financial statements were available to be issued.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Northern Virginia Career Assistance Loan Program	\$40,308	\$42,432

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.

4. Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The net assets released from restrictions during 2010 and 2009 were \$48,681 and \$47,826, respectively.

5. Fair Value

Accounting Standards Codification (ASC) 820 provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Corporation had no investments at June 30, 2010. At June 30, 2009, the Corporation had \$200,000 in a certificate of deposit, which is a level 2 investment. The certificates of deposit are valued at carrying value, plus accrued interest which approximates fair value.

6. Leases

The Corporation has two lease agreements for office space. The first lease is an annual lease renewed each year. Total annual payments per the annual lease agreement were \$24,120 for 2010 and 2009. In 2010, the Corporation entered into an additional lease for space in Woodbridge, Virginia with a term of ten years with rent starting at \$17,562 per month with an annual increase of 2.5%. The Corporation also entered into a sublease agreement in which about 88% of the newly leased space will be subleased to other parties over a term of ten years at 104% of the rent under the lease agreement which initially is \$16,066 per month. The sublease agreement also establishes an additional fee for operating expenses of 88% of the operating expenses incurred by the Corporation for the entire leased premises. Rental income for 2010 was \$104,779.

Total rent expense under these leases for 2010 and 2009 was \$107,533 and \$24,120, respectively.

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

2011	\$ 241,498
2012	218,713
2013	224,181
2014	229,785
2015	235,530
Thereafter	1,268,972
	\$ 2,418,679

7. 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 2010 and 2009 was 89% and 92% of total revenues, respectively.

8. Concentration of Credit Risk

At June 30, 2010 the Corporation had bank deposits of \$658,140 in excess of the federal insured limit. There were no funds over the federal insured limit as of June 30, 2009. The Corporation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

9. Pension Plan

The Corporation sponsors a defined contribution tax deferred 401(k) pension plan. All full-time 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 2010 and 2009, the pension plan expense was \$35,471 and \$28,456, respectively.

9. Grant Revenue

The Corporation receives a significant portion of its support under grants which are funded by the federal government. These grants may be audited by the federal government and the ultimate determination of allowable costs is determined by such audits.

Huey Battle
Washington Gas

Mark R. Birmingham
Jack Kent Cooke Foundation

Sharon Bulova
Fairfax County Board of Supervisors

Linda Gentry
Center for Innovative Technology

Todd R. House
Micron Technology, Inc.

Sang Kim
Global Link Solutions

Karla S. Leavelle
Human Capital Advisors

Kathryn A. MacLane
Agir Ltd.

Dr. David C. Miles
The Miles LeHane Group

Scott Price
Office of Senator Mark Warner

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

Todd W. Rowley
Capital One Bank, N.A.

Janet E. Samuelson
ServiceSource, Inc.

Hector Velez
HireStrategy

Michael Zeiders
Zeiders Enterprises, Inc.

D. Chandler Ames
iDirect, Inc.

Robert A. Bagnato
CVS/Caremark

Huey Battle
Washington Gas

Shirley Bazdar
Loudoun County Public Schools

Bridget Bean
U.S. Small Business Administration

Nanette M. Bowler
Fairfax County Department of Family Services

Sharon Bulova
Fairfax County Board of Supervisors

Anthony Cancelosi
Columbia Lighthouse for the Blind

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

Kim Clark Pakstys
Strategic Organization Solutions

Miles Friedman
Quantico/Belvoir Regional Business Alliance

Mary Ganger
Reston Hospital Center
HCA Virginia

William H. Gary, Sr.
Workforce Development,
Northern Virginia
Community College

Louis Gerber
Communications Workers of America

John Giancola
DeVry University

James G. Ginther
Fairfax County Public Schools

Patricia Harrison
Fairfax County Government

Robert P. Hein
The Miles LeHane Group

Douglas B. Holl
Workforce Policy and Evaluation Associates

Todd R. House
Micron Technology, Inc.

Anthony Howard
Loudoun County Chamber of Commerce

Luke Howe
Sagent Partners

Douglas James
Virginia Department of Rehabilitative Services

Peter Joyce
Cisco Systems, Inc.

Karla S. Leavelle
Human Capital Advisors

Catherine Meloy
Goodwill of Greater Washington

Dr. David C. Miles
The Miles LeHane Group

David H. Miller
Skylink USA

Lisa Morris
Home Depot

William Mountjoy
AFL-CIO

Janet Niblock
George Mason University

Mark Pelesh
Corinthian Colleges/
Everest College

Scott Price
Office of Senator Mark Warner

Charles Ray
Manpower, N.A.

Ivy Richards
Fairfax County Economic Development Authority

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

Buddy Rizer
Department of Economic Development, Loudoun County

Robert P. Rogers, Jr.
The Chesapeake Government Health Services

Todd W. Rowley
Capital One Bank, N.A.

Paula C. Sampson
Fairfax County Department of Housing and Community Development

Janet E. Samuelson
ServiceSource, Inc.

Carl Savino
Competitive Edge Services, Inc.

Mary Ann Shurtz
Stratford University

Melvin R. Slusher
Virginia Employment Commission

Bette Sneed
Prince William County Public Schools

Hector Velez
HireStrategy

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