



we help northern virginia

WORK



February 2012

To Northern Virginia Employers and Residents:

Over one hundred years ago, President Theodore Roosevelt in a National Labor Day speech noted “Far and away the best prize that life offers is the chance to work hard at work worth doing.” We could not agree more and would add that the business of getting all Northern Virginians back to work has never been more important.

National and State labor market data highlights the resilience of the Northern Virginia economy, especially when compared to other regions of Virginia and the nation. As of November 2011, Northern Virginia registered an unemployment rate of 4.2%, one of the strongest regional economies in the United States. Yet, the ongoing challenges throughout the world combined with the slowly expanding United States economy emphasizes the critical role of workforce intermediaries such as the **SkillSource** Group. We see a clear need for more effort and resources to expand workforce services to tens of thousands of job seekers seeking to gain a foothold in our local job market.

For the fiscal year that ended in June 2011, our Northern Virginia **SkillSource** Centers hosted over 101,000 job seeker visits, all seeking, in President Roosevelt’s words, “work worth doing.” As reflected in this Annual Report for 2011, **SkillSource** and its multiple State and local partners continue to develop an efficient workforce delivery structure in order to better serve the Northern Virginia community. Some of our highlights included:

- Hosted national and international leaders at our Centers, including United States Secretary of Labor Hilda Solis and Assistant Secretary of Employment and Training Jane Oates.
- Added the Prince William Workforce Center as our fifth certified **SkillSource** Center.
- Awarded \$835,000 in skills training grants to eligible job seekers in addition to 40 on-the-job training contracts.
- Established a partnership with Microsoft to train veterans in critical information technology skills.
- Built **SkillSource** Employment Network capacity for Social Security’s Ticket to Work Program.

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 workers while also providing opportunities to job seekers seeking to increase their skills and employment options.

Thank you for supporting our efforts throughout Northern Virginia. We are proud to be part of this community.

Northern Virginia Workforce Investment Board



Dr. David C. Miles
Chairman



Todd Rowley
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, administer 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.

Vision

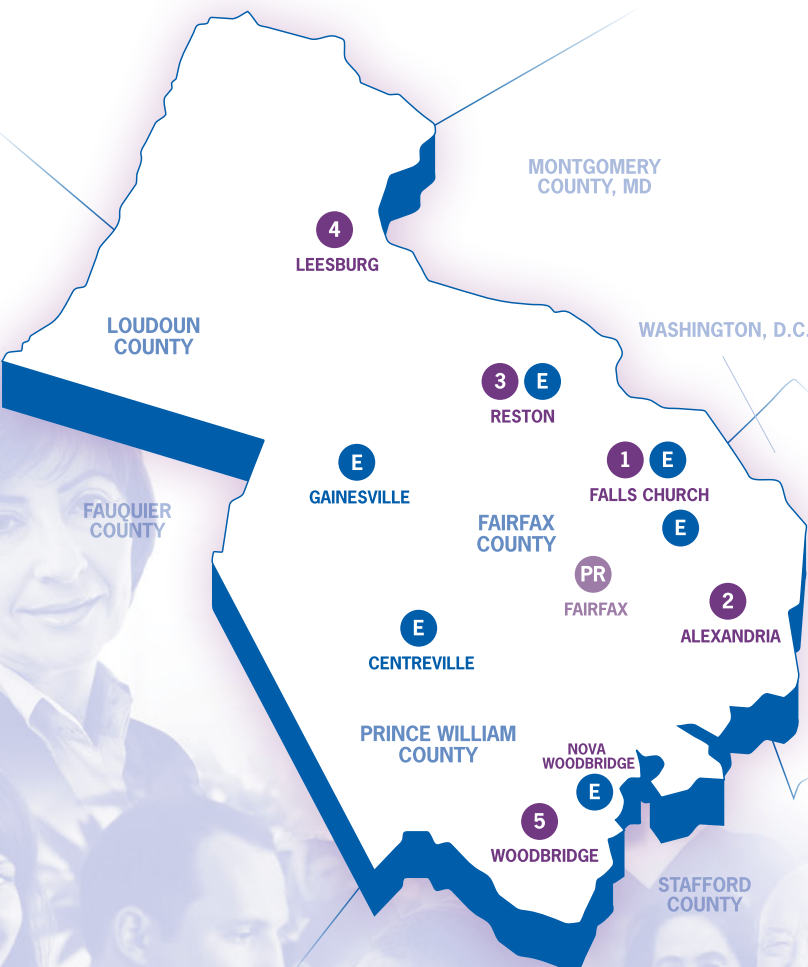
We envision a vibrant business and workforce region that is globally competitive.

Mission

To facilitate and enhance the employability of individuals seeking employment and employer access to a qualified workforce.

Our Value Proposition

We are consultative in meeting business needs by creating a flow of ready and prepared potential workers; helping business envision and implement alternative workplace environments that enhance the ability of workers to be more effective in the workplace; and providing resources to support skill development for future and current workers.



SkillSource Center Locations

1

Falls Church SkillSource Center

6245 Leesburg Pike, Suite 315
Falls Church, Virginia 22044

(703) 533-5400

TTY: 711 VA Relay

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: 711 VA Relay

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: 711 VA Relay

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

5

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

Fairfax Pre-Release Employment Center

About The NVWIB Partner Programs

Fast Facts

Fairfax County is the Washington metropolitan area's private sector job leader and a major hub for regional economic activity, according to the U.S. Department of Labor.

– *Bureau of Labor Statistics*

Fairfax County is home to nine Fortune 500 company headquarters: Booz Allen Hamilton, Capital One Financial, CSC, Freddie Mac, Gannett, General Dynamics, NII Holdings, Northrop Grumman and Science Applications International Corporation (SAIC).

– *Fortune*

More than 90 percent of the companies in Fairfax County are small businesses with fewer than 50 employees.

– *Fairfax County Economic Development Authority*

U.S. Secretary of Labor Hilda L. Solis and Assistant Secretary Jane Oates Meet with Virginia Job Seekers at Falls Church *SkillSource* Center

On October 20, 2011, the U.S. Secretary of Labor Hilda L. Solis and Assistant Secretary for Employment and Training Jane Oates met with job seekers utilizing the Falls Church *SkillSource* Center, one of five Workforce Centers in the Northern Virginia Workforce Area #11.



Dr. David C. Miles (Chairman of the Northern Virginia Workforce Investment Board) and U.S. Secretary of Labor Hilda L. Solis.


Secretary Solis and Assistant Secretary Oates discussed the need for continued skills development and training with job seekers at the Center and also met with several students working in the Center's computer lab while preparing to test for the Virginia Career Readiness Certificate. Later, the Secretary and Assistant Secretary met with Dr. David C. Miles, Chairman of the Northern Virginia Workforce Investment Board and Center staff, with discussions focusing on the Workforce Area's strategic priorities in meeting local private business needs in addition to specific program accomplishments targeting entrepreneurship initiatives and offender reentry efforts.



U.S. Secretary of Labor Hilda L. Solis and **Mr. Hoa Doan**, a Falls Church *SkillSource* Center employee.



U.S. Secretary of Labor Hilda L. Solis and a Falls Church *SkillSource* Center job seeker.



The *SkillSource* Group, Inc. Issues FY 2011 Economic Impact Study Highlighting Strong Return on Investment for Public Workforce Services

In October 2011, the *SkillSource* Group, Inc. issued the 2011 Regional Economic Impact Study documenting the strong return-on-investment for publicly-funded workforce services in Northern Virginia. The Study was conducted by Mangum Economic Consulting, LLC of Richmond, Virginia.

The 2011 Report assessed the regional economic and fiscal impact of the employment, skills training and job placement services provided by the Northern Virginia Workforce System in FY 2011. When comparing public costs associated with the Northern Virginia Workforce System's programs with the economic benefits associated with the employment outcomes, this study estimated that the Northern Virginia public return-on-investment was 4.7 times greater than the program costs. When Core workforce services are included, the benefits increase to 8.4 times greater than the program costs.

The Northern Virginia Study exclusively reviewed the regional workforce programs funded through the American Recovery and Reinvestment Act (ARRA – Stimulus Funding). When comparing the \$8.8 million in cumulative economic benefits to the Northern Virginia Workforce System's \$1.2 million in ARRA funded workforce programs in FY 2010 and FY 2011, benefits exceed program costs by 7.2. The data indicates ARRA funded workforce programs delivered economic benefits more than seven times greater than program costs.

The 2011 Study and Executive Summary can be reviewed on the *SkillSource* Group website.

The *SkillSource* Group, Inc. Selected For Military Veteran Partnership With Microsoft Elevate America Initiative



In November 2011, the *SkillSource* Group, Inc. and the Northern Virginia Workforce Investment Board entered a new partnership with the Microsoft Corporation for its Elevate America Veterans Initiative in Northern Virginia. The Microsoft Elevate America Veterans Initiative helps veterans and their spouses obtain the technology skills and certifications needed to be successful in today's civilian workforce. The Northern Virginia Workforce Investment Board is one of five (5) workforce areas in the nation selected for this Microsoft initiative. The other workforce areas include Seattle – King County (Washington), San Diego (California), Houston-Galveston (Texas) and Jacksonville (Florida). Each local workforce area will receive 1,000 Microsoft training vouchers per year for two years, with the total value of donated *SkillSource* training vouchers estimated at \$1.25 million. Microsoft is also providing in-person support to ensure veterans and their spouses are successful in their training and certifications.

Fast Facts

Loudoun County has one of the highest percentages of dual-earner households in the U.S. Loudoun is noted as having the highest median household income in the country, currently \$114,204 annually.

Loudoun County Public Schools educate more than 61,000 children in grades K through 12 each year.

Every one of Loudoun's eligible high schools is ranked in the top six percent in the nation by Newsweek's Challenge index.

– Loudoun County Department of Economic Development

From 2001 – 2010, new and expanding businesses announced or logged their intent to invest over \$2.14 billion and create 9,363 jobs in Prince William County.

– Prince William County Department of Economic Development



About The NVWIB Partner Programs (continued)

Fast Facts

Where the jobs are

Both Loudoun and Prince William are among 25 counties that have experienced the most job growth over the last 10 years. Prince William County has weathered the recession and scored top marks from all three credit rating agencies. Jobs help it score straight AAAs, with about 250 added in the second quarter of this year.

Loudoun County has been dubbed the "Silicon Valley of the East." The Dulles Technology Corridor, is home to marquee names like Verizon Business, AOL and Verisign. The area boasts more than 9,000 firms and employs more than 130,000 people, and business continues to grow. Its proximity to the nation's capital, the Pentagon and Dulles International Airport doesn't hurt either.

– CNN Money

Ten Fairfax County-based companies are on Hispanic Business magazine's list of the 500 largest Hispanic-owned firms.

– Hispanic Business Magazine

More than 6,700 technology firms, which directly employ more than 144,000 people, are located in Fairfax County.

– Fairfax County Economic Development Authority

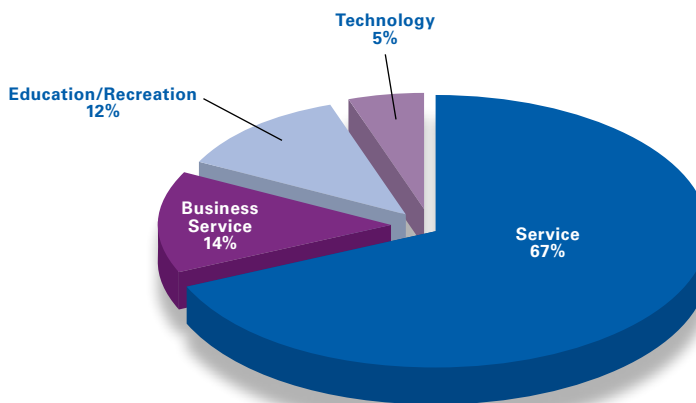
Northern Virginia Growing America Through Entrepreneurship Program (NOVAGATE)

Since 2008, **SkillSource** and the Virginia Community College System (VCCS) have partnered to promote and manage the U.S. Department of Labor's Northern Virginia Growing America Through Entrepreneurship Project (NOVAGATE). This demonstration project was developed by the U.S. Department of Labor as a scholarship program to provide entrepreneurial training to dislocated workers age 45 and over so they can establish new businesses, as well as start and sustain successful self-employment. **SkillSource** has initiated outreach throughout the area with program materials in multiple languages, a project website at www.mynovagate.org, an informative video, and offers monthly orientations at each of the **SkillSource** centers in Northern Virginia. The project has served over 170 qualified enrollees by providing free tuition for individual business counseling, hands-on business planning workshops and additional training courses. More than 61 new businesses have been launched and these business owners are contributing successfully to the community and the economy.

NOVAGATE outcomes from May 2009 to December 2011

Workers Enrolled in Program	172
Workers Attending Business Training	151
Number of Businesses Launched	61

New Businesses Started Through NOVAGATE Program



The 2011 Summer Youth Employment Program

The **SkillSource** Educating Youth through Employment (EYE) Program continued in summer of 2011, providing young adults with professional, paid employment opportunities at agencies, non-profit organizations and private sector companies throughout Fairfax, Loudoun and Prince William Counties. Since 2006, **SkillSource** has administered the EYE program in collaboration with the Fairfax County Department of Family Services, Employment and Training.





In addition to six to eight weeks of work experience, young adults received workforce development training focused on critical job readiness skills including workplace behavior, resume building, networking, and fiscal responsibility. The Northern Virginia Regional Gang Task Force, and several Fairfax County agencies such as Fairfax County Neighborhood and Community Services, Juvenile and Domestic Relations District Court, Office of Partnerships, and Department of Family Services participated in this year's program. Many private employers, including George Mason University, Manpower North America and Monster Government Solutions were also engaged. **Overall, 81 youth participated in the 2011 Northern Virginia Summer Program, worked a total of almost 12,500 hours and earned nearly \$100,000 in wages.**

Northern Virginia *SkillSource* Center Certifications

Two of the five Northern Virginia *SkillSource* Centers (Falls Church and Reston-Lake Anne) were recertified by the Northern Virginia Workforce Investment Board in 2010-2011 for meeting all criteria as a full-service *SkillSource* Center. A new Center, the Prince William Workforce Center, became a full-service *SkillSource* Center in 2011. Each certified *SkillSource* Center was awarded a \$10,000 incentive payment.



From Left:
Huey Battle, Former Chairman, Northern Virginia Workforce Investment Board; Sara Giday, Reston Center staff; Jane Brill, Reston Center staff; Marsha Enkerud, Former Reston Center Manager; Hector Velez, Chairman, Quality Assurance Committee, Northern Virginia Workforce Investment Board.



From Left:
Hector Velez, Chairman, Quality Assurance Committee, Northern Virginia Workforce Investment Board; Dai Nguyen, Program Manager, Fairfax County Department of Family Services; Huey Battle, Former Chairman, Northern Virginia Workforce Investment Board; Trang Montgomery, Former Falls Church Center Manager.



From Left:
Donna Motsek, Prince William Public Schools; Fred Livengood, Virginia Employment Commission; Gilbert Sanchez, Virginia Employment Commission; Myra Mobley, Fairfax County Department of Family Services; Kristi Hartley, The *SkillSource* Group, Inc.; Douglas James, Virginia Department of Rehabilitative Services; Rick Slusher, Virginia Employment Commission; and Dr. David Miles, Chairman, Northern Virginia Workforce Investment Board.

The Ticket to Work Program

The *SkillSource* Ticket to Work Program is a Social Security Administration (SSA) employment program for disability beneficiaries between ages 18 and 64 who want to work. Ticket to Work offers beneficiaries needed support to improve their ability to work, increase earnings, and become and stay self-supporting. The *SkillSource* Program has grown rapidly since its start in October 2010, as an SSA Employment Network.

In May 2011, *SkillSource* signed a Partnership Plus agreement with the Virginia Department of Rehabilitative Services (DRS), which enables beneficiaries to receive services from both DRS and *SkillSource* under Ticket to Work. The beneficiary receives initial services and support, including job placement from DRS. Upon successful case closure the beneficiary may then assign their Ticket to *SkillSource* for ongoing support services.



Total Inquiries	373
Total Ticket Assignments	66
Percentage of Ticket Assignments Employed	23%

The chart outlines *SkillSource* Ticket to Work Program outcomes since inception in October 2010 through December 2011.

Grantors, Contributors and Corporate Sponsors

Fast Facts

Four Fairfax County-based companies are on Black Enterprise magazine's list of the 100 largest black-owned firms.

– Black Enterprise Magazine

Prince William County has been recognized as one of the Nation's 100 Best Communities for Young People by America's Promise Alliance and ING. The competition recognizes communities taking action to help reduce local dropout rates and for implementing programs that help prepare children for college and the 21st Century workforce.

– Prince William County Department of Economic Development

Grantors and Contributors

The SkillSource Group, Inc. honors and recognizes our grantors, contractors and other financial contributors for 2010-2011. Our initiatives and programs reflect a public and private workforce partnership in support of the entire Northern Virginia community.

- Combined Federal Campaign of the National Capital Area
- Commonwealth of Virginia, Department of Corrections
- Commonwealth of Virginia, Department of Rehabilitative Services
- Commonwealth of Virginia, Virginia Community College System
- Commonwealth of Virginia, Virginia Workforce Council
- Fairfax County Government, Virginia
- George Mason University, Office of Continuing Professional Education
- Global Link Solutions
- Manpower North America
- Dr. David and Melanie Miles
- Monster Government Solutions
- National Capital Region Transportation Planning Board
- Network for Good (Powered by Groundspring.org)
- Northern Virginia Regional Gang Task Force
- Project Management Institute of Washington, DC
- ServiceSource, Inc.
- United States Department of Health and Human Services
- United States Department of Labor, Employment and Training Administration (ETA)
- United States Department of Labor, Office of Disability Employment Programs (ODEP)
- United States Social Security Administration
- United Way of the National Capital Area

Contributions received on behalf of NoVaHealthFORCE:

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

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 Fairfax County, Virginia, is a not-for-profit 501(c)(3) organization whose mission is to provide exceptional services to individuals with disabilities through innovative and valued employment, training, habilitation, housing and support services. With regional offices and programs located in nine states and the District of Columbia, ServiceSource serves more than 13,000 people with disabilities annually, more than 1,600 of whom are directly employed on government or commercial affirmative employment contracts. Other individuals receive assistance in day habilitation, benefits planning, job placement, evaluation and counseling and housing programs. As a leader in the disability field, ServiceSource develops strategic partnerships with other community businesses, government entities and non-profit leaders to help bridge the gaps for individuals with disabilities and create sustainable opportunities that benefit the entire community.

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 2005 – PY 2010

	PY 2005	PY 2006	PY 2007	PY 2008	PY 2009	PY 2010
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	*
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	E	E	E	E	*
Older Youth (19-21)						
Entered Employment Rate	E	E	E	M	FTM	*
Employment Retention Rate	E	E	E	E	E	*
Earnings Change	E	E	E	E	E	*
Credential Rate	E	E	E	M	E	*
Younger Youth (14-18)						
Skill Attainment Rate	E	E	E	E	M	*
High School Diploma or Equivalent Rate	E	E	E	E	FTM	*
Retention Rate	E	E	E	E	E	*
New Youth Common Measures						
Literacy/Numeracy Gains						E
Placement in Employment on Education						M
Attainment of Degree on Certificate Rate						M
Customer Satisfaction						
Participant	E	E	M	E	E	*
Employer	M	M	E	E	M	*

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

* In PY 2010 (July 2010 – June 2011), the Commonwealth of Virginia adopted the Federal Workforce Investment Act Common Measures, which collapsed 17 indicators into 9 performance benchmarks.

2011 Audited Financial Statements

Independent Auditor's Report

Board of Directors
The SkillSource Group, Inc.



We have audited the accompanying statement of financial position of The SkillSource Group, Inc. (SkillSource) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of SkillSource's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the 2010 financial statements, which were audited by other auditors whose report dated November 8, 2010, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SkillSource's internal control over financial reporting. Accordingly, we express no such opinion. 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 audit provides a reasonable basis for our opinion.

In our opinion the 2011 financial statements referred to above present fairly, in all material respects, the financial position of SkillSource, as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

2011 Audited Financial Statements (continued)

The SkillSource Group, Inc.

Statement Of Financial Position June 30, 2011 (With Comparative Totals For 2010)

Assets	2011	2010
Cash And Cash Equivalents	\$ 463,973	\$ 629,365
Cash And Cash Equivalents – Funds Held For Others	388,461	212,843
	852,434	842,208
Restricted Cash	-	40,308
Accounts Receivable	64,844	32,858
Grants Receivable	611,424	558,392
Prepaid Expenses	43,787	20,868
Property And Equipment, net	1,339	413
	\$ 1,573,828	\$ 1,495,047
Liabilities And Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 613,378	\$ 706,572
Deferred revenue	10,249	23,315
Funds held for others	388,461	212,843
	1,012,088	942,730
Commitments And Contingencies (Notes 3, 5, and 7)		
Net Assets		
Unrestricted	561,740	512,009
Temporarily restricted	-	40,308
	561,740	552,317
	\$ 1,573,828	\$ 1,495,047

See Notes To Financial Statements.

The SkillSource Group, Inc.

Statement Of Cash Flows Year Ended June 30, 2011 (With Comparative Totals For 2010)

	2011	2010
Cash Flows From Operating Activities		
Change in net assets	\$ 9,423	\$ 8,985
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	736	475
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(31,986)	(32,419)
Grants receivable	(53,032)	110,283
Prepaid expenses	(22,919)	(12,057)
Increase (decrease) in:		
Accounts payable and accrued expenses	(93,194)	148,776
Deferred revenue	(13,066)	1,395
Funds held for others	175,618	(399,051)
Net cash used in operating activities	(28,420)	(173,613)
Cash Flows From Investing Activities		
Use of restricted cash	40,308	2,124
Proceeds from sale/maturities of investments	-	200,000
Purchases of property and equipment	(1,662)	-
Net cash provided by investing activities	38,646	202,124
Net increase in cash and cash equivalents	10,226	28,511
Cash And Cash Equivalents		
Beginning	842,208	813,697
Ending	\$ 852,434	\$ 842,208

See Notes To Financial Statements.

The SkillSource Group, Inc.

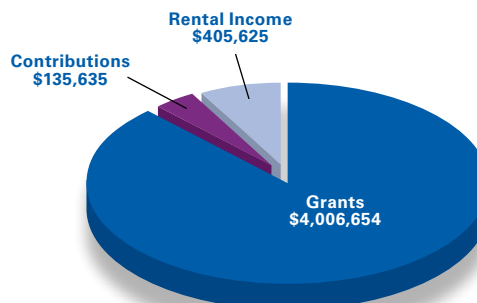
Statement Of Activities Year Ended June 30, 2011 (With Comparative Totals For 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and support:				
Grants	\$ 4,006,654	\$ -	\$ 4,006,654	\$ 3,487,036
Contributions	70,079	65,556	135,635	161,371
Rental income	405,625	-	405,625	104,779
Interest income	144	7	151	182
Net assets released from restrictions	105,871	(105,871)	-	-
Total revenue and support	4,588,373	(40,308)	4,548,065	3,753,368
Expenses:				
Program services	4,161,154	-	4,161,154	3,578,594
Management and general	370,079	-	370,079	165,789
Fundraising	7,409	-	7,409	-
Total expenses	4,538,642	-	4,538,642	3,744,383
Change in net assets	49,731	(40,308)	9,423	8,985
Net assets:				
Beginning	512,009	40,308	552,317	543,332
Ending	\$ 561,740	\$ -	\$ 561,740	\$ 552,317

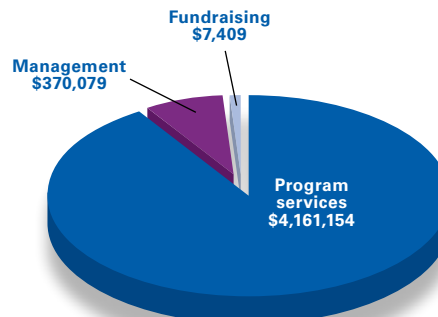
See Notes To Financial Statements.

To review the 2011 audit report in its entirety, visit the SkillSource Group website at www.myskillsource.org.

Revenues*



Expenses*



*Management produced (unaudited)

Notes to Financial Statements (June 30, 2011)

1. Nature Of Activities And Significant Accounting Policies

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

A summary of **SkillSource's** significant accounting policies follows:

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

Basis of presentation: **SkillSource** reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. **SkillSource** had no permanently restricted net assets at June 30, 2011.

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

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

Accounts receivable: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. The majority of **SkillSource's** receivables are reimbursable expenditures incurred on federal grants. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. There was no provision for doubtful accounts at June 30, 2011.

Property and equipment: Property and equipment are stated at cost or, if donated, at fair market value at the date of receipt. **SkillSource** follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. **SkillSource** depreciates property and equipment using the straight-line method over the estimated useful life of the asset. Leasehold improvements are depreciated over the lesser of the lease term or the estimated useful lives of the assets.

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

Valuation of long-lived assets: **SkillSource** accounts for the valuation of long-lived assets by reviewing the assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

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

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

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

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

Income taxes: **SkillSource** is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision is made for income taxes. In addition, **SkillSource** has been determined by the Internal Revenue Service not to be a private foundation. Income, which is not related to its exempt purpose, less applicable deductions, is subject to federal and state corporate income taxes. **SkillSource** had no unrelated business income for the year ended June 30, 2011.

Management evaluated **SkillSource's** tax positions and concluded that **SkillSource** has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, **SkillSource** is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2008.

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

Prior period information: The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ServiceSource's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Reclassification: Certain items in the June 30, 2010, financial statements have been reclassified to comply with the current year presentation. These reclassifications had no effect on previously reported change in net assets.

Subsequent events: **SkillSource** evaluated subsequent events through November 8, 2011, which is the date the financial statements were available to be issued.

2. Property And Equipment

Property and equipment consist of the following at June 30, 2011:

Equipment	\$ 11,190
Less accumulated depreciation	(9,851)
	\$ 1,339

Depreciation expense was \$736 for the year ended June 30, 2011.

3. Leasing Arrangements

SkillSource leases office space through two separate leasing arrangements. The first lease is an annual lease that is renewed each year. The second lease is for additional office space in Woodbridge, Virginia, which expires in 2020. **SkillSource** has the option to terminate this lease in December 2016. The lease includes annual

rental escalations of 2.5%. Total rental expense under these two leases was \$208,121 for the year ended June 30, 2011.

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

Years Ending June 30,	
2012	\$ 218,709
2013	224,177
2014	229,782
2015	235,526
2016	241,414
2017	122,197
	\$ 1,271,805

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

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

Years Ending June 30,	
2012	\$ 200,162
2013	205,167
2014	210,296
2015	215,553
2016	220,942
2017 - 2020	111,835
	\$ 1,163,955

4. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following donor-restricted programs at June 30, 2011:

	Balance July 1, 2010	Additions	Releases	Balance June 30, 2011
NoVa Career Assistance Loan Program	\$ 40,308	\$ 7	\$ 40,315	-
Project E.Y.E.	-	\$ 65,556	\$ 65,556	-
	\$ 40,308	\$ 65,563	\$ 105,871	-

5. Pension Plan

SkillSource sponsors a defined contribution tax-deferred 401(k) pension plan (the Plan). All full-time employees are eligible to participate in the Plan after 30 days of service. **SkillSource** matches employee contributions for up to 10.4% of gross salaries. Total pension expense for the year ended June 30, 2011, was \$54,881.

6. Concentration Of Revenue

For the year ended June 30, 2011, approximately 79% of total revenue was from grants funded by the U.S. Department of Labor under the Workforce Investment Act (WIA). Reduction of WIA funding would have a significant impact on the operations of **SkillSource**.

7. Contingencies

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

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