

SOUTHWEST ALABAMA WORKFORCE  
DEVELOPMENT COUNCIL, REGION 9, INC.

Financial Statements

For the Years Ended  
September 30, 2016 and 2015



Southwest Alabama Workforce Development Council, Region 9, Inc.  
Audited Financial Statements  
For the Years Ended  
September 30, 2016 and 2015

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**Graham, Brown & Dutton, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Southwest Alabama Workforce Development Council, Region 9, Inc.  
Birmingham, AL

We have audited the accompanying financial statements of Southwest Alabama Workforce Development Council, Region 9, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of September 30, 2016 and 2015, and the related statements of support, revenue, and expenses—modified cash basis for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Directors  
Southwest Alabama Workforce Development Council, Region 9, Inc.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Southwest Alabama Workforce Development Council, Region 9, Inc. as of September 30, 2016 and 2015, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note A.

**Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Graham, Brown & Dutton, PC*

Mobile, AL  
January 25, 2017



SOUTHWEST ALABAMA WORKFORCE DEVELOPMENT COUNCIL, REGION 9, INC.  
 STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
 SEPTEMBER 30, 2016 AND 2015

|                                  | 2016       | 2015       |
|----------------------------------|------------|------------|
| ASSETS                           |            |            |
| CURRENT ASSETS                   |            |            |
| Cash and Cash Equivalents        | \$ 420,435 | \$ 369,993 |
| PROPERTY & EQUIPMENT             |            |            |
| Equipment                        | 2,563      | 2,857      |
| Less: Allowance for Depreciation | 2,033      | 1,916      |
| NET PROPERTY AND EQUIPMENT       | 530        | 941        |
| TOTAL ASSETS                     | \$ 420,965 | \$ 370,934 |
| LIABILITIES AND NET ASSETS       |            |            |
| CURRENT LIABILITIES              |            |            |
| Payroll Tax Withholdings         | \$ 788     | \$ 589     |
| NET ASSETS                       |            |            |
| Unrestricted Net Assets          | 420,177    | 370,345    |
| TOTAL LIABILITIES AND NET ASSETS | \$ 420,965 | \$ 370,934 |

See accompanying notes to financial statements.



SOUTHWEST ALABAMA WORKFORCE DEVELOPMENT COUNCIL, REGION 9, INC.  
 STATEMENTS OF SUPPORT, REVENUES, EXPENSES AND CHANGES  
 IN NET ASSETS - MODIFIED CASH BASIS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

|  | 2016       | 2015       |
|--|------------|------------|
| <b>Support and Revenue</b>             |            |            |
| National Fund for Workforce Solutions  | \$ 102,814 | \$ 317,732 |
| Worlds of Opportunity                  | 164,250    | 157,989    |
| Delta Regional Authority               | 45,000     | -          |
| Unrestricted                           | 285,719    | 72,900     |
| Interest income                        | 208        | 408        |
| Total Support and Revenue              | 597,991    | 549,029    |
| <b>Program Service Expenses</b>        |            |            |
| Professional services                  | 116,190    | 15,315     |
| Payroll and payroll taxes              | 134,605    | 221,310    |
| Worlds of Opportunity expenses         | 108,611    | 91,924     |
| Travel                                 | 210        | 10,836     |
| Employee benefits                      | 15,897     | 28,941     |
| Conferences & meetings                 | -          | 3,225      |
| Total Program Service Expenses         | 375,513    | 371,551    |
| <b>Management and General Expenses</b> |            |            |
| Payroll and payroll taxes              | 98,282     | 45,800     |
| Accounting                             | 19,035     | 15,140     |
| Employee benefits                      | 16,776     | 9,118      |
| Rent expense                           | 6,000      | 6,500      |
| Conferences and meetings               | 3,718      | 2,330      |
| Telephone                              | 7,520      | 4,689      |
| Insurance                              | 4,215      | 3,653      |
| Dues and subscriptions                 | 3,673      | 3,083      |
| Supplies                               | 1,656      | 1,492      |
| Travel                                 | 3,625      | 3,451      |
| Miscellaneous                          | 7,735      | 793        |
| Depreciation                           | 411        | 571        |
| Total Management and General Expenses  | 172,646    | 96,620     |
| Total Expenses                         | 548,159    | 468,171    |
| Change in Net Assets                   | 49,832     | 80,858     |
| Net Assets Beginning of Year           | 370,345    | 289,487    |
| Net Assets End of Year                 | \$ 420,177 | \$ 370,345 |

See accompanying notes to financial statements.



SOUTHWEST ALABAMA WORKFORCE DEVELOPMENT COUNCIL, REGION 9, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016 AND 2015

NOTE A -SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The vision of the Southwest Alabama Workforce Development Council, Region 9, Inc. (the "Council"), is to develop a comprehensive, integrated workforce development system which creates a skilled, diverse, motivated, adaptable workforce that better meets the needs of employers and leads to a better quality of life for local citizens.

The mission of the Council is to develop strategic partnerships which attract, educate and train students and workers to better meet employer needs and foster economic growth in a global marketplace.

The Council is a non-profit corporation funded by government agencies, business industry partners, and mission related grants. The Council is dependent on contributions and grants as its source of funding.

Basis of Accounting

The policy of the Council is to prepare its financial statements and maintain its financial records on the modified cash basis of accounting. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses and related liabilities are recognized when paid rather than incurred. The Council does not accrue payroll expense for wages or compensated absences. Accordingly, the financial statements are not intended to present the financial position or results of operations in conformity with generally accepted accounting principles.

Property and Equipment

The Council's policy is to capitalize purchases or gifts of property, furniture and equipment, significant repairs, and additions which extend the useful life of existing assets in excess of \$1,000. Property and equipment are recorded at cost, or in the case of gifts, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of depreciable assets.

Net Assets

Net assets consist of unrestricted net assets.

Contributed Services

A substantial number of volunteers have donated significant amounts of their time to the Council. Volunteers include the professionals serving on the Board of Directors and as members of the Council. The Council also received the services of an attorney working pro bono, reviewing official documentation. These services had an estimated value of \$25,000 and \$58,506 for the years ended September 30, 2016 and 2015, respectively, according to the donor. No amounts have been reflected in the financial statements for any of these donated services.

Income Taxes

The Council is a nonprofit organization and is exempt from federal and state income taxes under the Internal Revenue Code Section 501(c)(3). The Council is not classified as a private foundation.

The Council's income tax filings are subject to examination by various taxing authorities for a period of three years from the date they are filed.



SOUTHWEST ALABAMA WORKFORCE DEVELOPMENT COUNCIL, REGION 9, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016 AND 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of modified cash basis financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures. Actual results could differ from those estimates.

Cash Equivalents Policy

The Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Subsequent Events

The Council has evaluated events and transactions that occurred between September 30, 2016 and the audit report date, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE B - CONCENTRATIONS

Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for interest and non interest bearing accounts. The Council had cash deposits in excess of federally insured limits of \$282,747 and \$157,279 for the years ended September 30, 2016 and 2015, respectively.

NOTE C - OPERATING LEASE

The Council leases office space in a building. The lease is on a month-to-month basis, at the rate of \$500 per month.

NOTE D - RELATED-PARTY TRANSACTIONS

Various members of the Board of Directors are employed by entities who contribute to the Council. Total contributions from these entities total \$141,500, which is approximately 24% of all support and revenue for the year ended September 30, 2016. These contributions for the year ended September 30, 2015 total \$139,000, or approximately 25% of all support and revenue.

NOTE E - NATIONAL FUND FOR WORKFORCE SOLUTIONS

The National Fund for Workforce Solutions ("NFWS") is a partnership of employers, workers, and communities on the local and national level with the purpose of furthering the careers of low wage workers through engagement with employers. The Council has had a contract administered through Jobs for the Future to receive pooled philanthropic and federal funds in connection with the NFWS. The contract requires the Council to acquire matching contributions from local resources on a 1 to 1 basis, such that the matching donations acquired through the life of the contract were to equal the total donations from NFWS at the end of the agreement period in 2016. Contributions are made on a reimbursement basis. Pooled funds totaling \$79,716 and \$176,268 and matching donations totaling \$23,098 and \$141,463 were received during the years ended September 30, 2016 and 2015, respectively. Since the contract's inception in May of 2011, pooled funds totaling \$781,000 and matching donations totaling \$781,000 have been received through September 30, 2016. Expenditures related to NFWS totaled \$98,010 and \$279,627 in each year, respectively. This contract was completed during the year ended September 30, 2016.



SOUTHWEST ALABAMA WORKFORCE DEVELOPMENT COUNCIL, REGION 9, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016 AND 2015

NOTE F - WORLDS OF OPPORTUNITY

The Worlds of Opportunity Career Expo is an industry-led initiative that pulls together regional companies, industry leaders and volunteers to engage over 10,000 students through hands-on, career related activities over the two day event. Contributions totaling \$164,250 and \$157,989 were received from various donors to be used for the Worlds of Opportunity Career Expo in the years ended September 30, 2016 and 2015, respectively. These funds are usable for management and general expenses, if necessary. Total expenses related to Worlds of Opportunity were \$108,611 and \$91,924 for each year, including costs of supplies, rent of the Mobile Civic Center, catering, marketing, insurance, and other miscellaneous costs.

NOTE G - DELTA REGIONAL AUTHORITY

During 2016, the Council entered into an agreement with Jobs for the Future for a project entitled "A Multi-Layered Analysis of Current and Projected Education and Workforce Development Needs for Untapped Key Workforce Populations of the Rural Counties of Region 9". Funding for this project is secured by a grant from the Delta Regional Authority that is paid to the Council on a quarterly reimbursement basis. Professional services in 2016 include \$105,000 paid to Jobs for the Future for this project. As of September 30, 2016, \$45,000 has been reimbursed by Delta Regional Authority for these costs.

NOTE H - MARKETING

Marketing and advertising activities consisted of the SAWDC Worlds of Opportunity web site, the SAWDC Worlds of Opportunity online app, and items such as posters, fliers, signs and t-shirts. A total of \$534 and \$4,212 was spent in the 2016 and 2015 fiscal years, respectively, on marketing. Marketing costs are expensed as incurred.

