

*Human Resource Development Foundation, Inc.
Human Resource Development and Employment, Inc.*

1644 Mileground
Morgantown, West Virginia 26505



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July 20, 2009

West Virginia Department of Health and Human Resources
Office of Accountability and Management Reporting
Division of Compliance and Monitoring
Capitol Complex, Building 3, Room 550
Charleston, WV 25305

To Whom It May Concern:

Enclosed please find Human Resource Development Foundation, Inc. (HRDF)'s Audited Financial Statements for the year ended June 30, 2008. Also, HRDF has submitted a copy of the completed Audit to the Federal Audit Clearinghouse, as required.

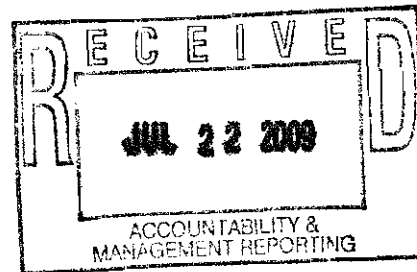
If you have any questions, please call Gary Johns at (304) 296-8223, Ext. 26.

Sincerely,

Phillip S. Leinbach
Director of Education, Training,
and Employment Services.

PSL/vh
aft 4009, afl-cio

Enclosure



Audited Financial Statements

Human Resource Development Foundation, Inc.

Year Ended June 30, 2008



Audited Financial Statements

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

Year Ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Human Resource Development Foundation, Inc.
Morgantown, West Virginia

We have audited the accompanying statement of financial position of Human Resource Development Foundation, Inc. (HRDF) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of HRDF's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 Human Resource Development Foundation, Inc., as of June 30, 2008, and its changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

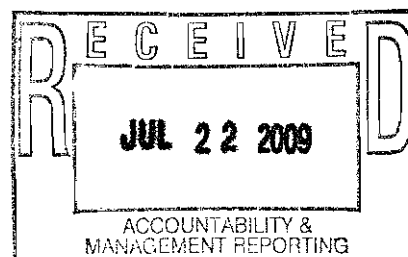
In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2009, on our consideration of HRDF's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Human Resource Development Foundation, Inc., taken as a whole. The accompanying combining schedule of activities is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for

purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Schedule of State Awards is presented for purposes of additional analysis as required by the West Virginia Department of Health and Human Resources, Bureau for Children and Families. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Matthew Lepore + Paulay, PLLC

June 29, 2009



HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2008

ASSETS

Cash	\$ 187,631
Accounts receivable	52,613
Grants receivable	<u>125,565</u>
 Total assets	 <u>\$ 365,809</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued liabilities	\$ 291,236
Payable to grantor agencies	9,745
Deferred revenue	<u>41,381</u>
 Total liabilities	 <u>342,362</u>
 Net assets - unrestricted	 <u>23,447</u>
 Total liabilities and net assets	 <u>\$ 365,809</u>

The accompanying notes are an integral part of these financial statements.

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

Revenues:		
Grant		\$ 2,521,750
Other revenue		<u>2,148</u>
Total revenues		<u>2,523,898</u>
Expenses:		
Administrative		33,256
Direct training		2,205,868
Training related support services		<u>286,766</u>
Total expenses		<u>2,525,890</u>
Change in net assets		(1,992)
Net assets, beginning of year		<u>25,439</u>
Net assets, end of year		<u>\$ 23,447</u>

The accompanying notes are an integral part of these financial statements.

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2008

Cash flows from operating activities:	
Change in net assets	\$ (1,992)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	(50,334)
Grants receivable	48,080
Other assets	-
Due from affiliate organization	-
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	27,803
Deferred revenue	(18,911)
Payable to grantor agency	<u>(11,062)</u>
Net cash provided by operating activities	(6,416)
Cash, beginning of year	<u>194,047</u>
Cash, end of year	<u>\$ 187,631</u>

The accompanying notes are an integral part of these financial statements.

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND BASIS OF ACCOUNTING

Description of Organization

Human Resource Development Foundation, Inc (HRDF) is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation by the Internal Revenue Service. The Foundation obtained federal funds to provide services to prepare individuals who meet the specified eligibility requirements of the respective federal grant programs to seek and obtain employment throughout West Virginia.

HRDF is substantially dependent upon federal grant funds received through contracts with the State of West Virginia.

Basis of Accounting

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

Grant Revenue

HRDF recognizes grant revenue to the extent that qualifying expenditures have been incurred.

Property and Equipment

Property and equipment acquired with grant funds are expensed when purchased since the grantor agency reserves title to those assets.

Net Assets

HRDF records its net assets, revenues, and expenses based on the existence or absence of donor imposed restrictions. Unrestricted net assets are those which are not restricted by donors.

2 - CREDIT RISK

A financial instrument which potentially exposes HRDF to concentrations of credit risk is cash. To limit this risk, HRDF places its cash with high credit quality financial institutions. At times, the balances in such institutions may exceed the FDIC insurance limit.

3 - RELATED PARTY TRANSACTIONS

HRDF rents equipment and facilities from and has training agreements with a company affiliated through common management and Board of Directors. During the year ended June 30, 2008, HRDF paid \$36,724 to the related company.

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)**4 - PENSION**

HRDF participates in the AFL-CIO Appalachian Council Employees Pension Plan, which is a defined contribution pension plan covering substantially all of its employees. Employer contributions are based on a percentage of each employee's gross wages and years of service. After a one year probationary period, employer contributions are as follows:

<u>Years of Service</u>	<u>Contribution</u>
1	4%
2	6%
3	8%
4 or more	10%

Pension expense for the year ended June 30, 2008, was \$84,783.

ACCOMPANYING INFORMATION

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

COMBINING SCHEDULE OF ACTIVITIES

Year Ended June 30, 2008

	Region 6 OJI	Region 1	Region 4 Programs	Employment for Independent Living Program	Youth Empowerment	Youth Ready
Revenues:						
Grants	\$ 124,208	\$ 61,456	\$ 254,644	\$ 321,604	\$ 304,523	\$ 172,952
Other revenue	-	-	-	-	-	-
Total revenues	<u>124,208</u>	<u>61,456</u>	<u>254,644</u>	<u>321,604</u>	<u>304,523</u>	<u>172,952</u>
Expenses:						
Administrative:						
Salaries - staff	3,089	-	-	-	6,673	5,375
Fringes - staff	1,610	-	-	-	2,764	2,142
Travel	8	-	-	-	664	-
Rent	251	-	-	-	475	-
Equipment and vehicle rent	-	-	-	-	-	-
Other operating expenses	563	-	-	-	4,059	-
Total administrative	<u>5,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,635</u>	<u>7,517</u>
Direct training:						
Salaries - staff	32,031	16,310	49,872	158,527	95,051	76,835
Fringes - staff	11,221	7,543	24,396	80,781	53,976	30,667
Travel	1,836	1,018	8,181	20,248	5,511	4,704
Rent	2,557	650	1,871	16,806	12,107	5,652
Equipment leased/purchased	600	360	-	900	1,260	1,200
Other operating expenses	2,804	35,575	10,954	17,048	17,240	9,863
Other participant expenses	67,638	-	159,370	14,624	-	15,042
Vehicle purchases	-	-	-	-	-	-
Vehicle maintenance and other	-	-	-	-	-	-
Total direct training	<u>118,687</u>	<u>61,456</u>	<u>254,644</u>	<u>308,934</u>	<u>185,145</u>	<u>143,963</u>
Training related support services:						
Other participant expenses	-	-	-	12,670	104,743	21,472
Total training related support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,670</u>	<u>104,743</u>	<u>21,472</u>
Total expenses	<u>124,208</u>	<u>61,456</u>	<u>254,644</u>	<u>321,604</u>	<u>304,523</u>	<u>172,952</u>
Change in net assets	-	-	-	-	-	-
Net assets, beginning of year	-	-	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report.

Region 2	Youth Transition Demonstration	Region 1 Youth Connections	Aeronautics Customized Training	Youth @ Work Program	General Fund	Total
\$ 129,962	\$ 373,928	\$ 773,419	\$ 4,944	\$ 110	\$ -	\$ 2,521,750
-	-	-	-	-	2,148	2,148
<u>129,962</u>	<u>373,928</u>	<u>773,419</u>	<u>4,944</u>	<u>110</u>	<u>2,148</u>	<u>2,523,898</u>
-	-	-	768	-	-	15,905
-	-	-	319	-	-	6,835
-	-	-	84	-	-	756
-	-	-	44	-	-	770
-	-	-	-	-	-	-
-	-	-	228	-	4,140	8,990
-	-	-	1,443	-	4,140	33,256
54,051	191,546	387,980	2,135	-	-	1,064,338
25,587	73,780	157,297	570	48	-	465,866
5,421	17,171	28,905	148	-	-	93,143
2,076	10,887	16,881	306	-	-	69,793
1,200	1,532	1,440	-	-	-	8,492
10,092	76,440	35,607	342	62	-	216,027
31,535	2,572	-	-	-	-	290,781
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>129,962</u>	<u>373,928</u>	<u>628,110</u>	<u>3,501</u>	<u>110</u>	-	<u>2,208,440</u>
-	-	145,309	-	-	-	284,194
-	-	145,309	-	-	-	284,194
<u>129,962</u>	<u>373,928</u>	<u>773,419</u>	<u>4,944</u>	<u>110</u>	<u>4,140</u>	<u>2,525,890</u>
-	-	-	-	-	(1,992)	(1,992)
-	-	-	-	-	25,439	25,439
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,447</u>	<u>\$ 23,447</u>

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Human Resource Development Foundation, Inc.
Morgantown, West Virginia

Compliance

We have audited the compliance of Human Resource Development Foundation, Inc (HRDF) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. HRDF's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of HRDF's management. Our responsibility is to express an opinion on HRDF's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HRDF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on HRDF's compliance with those requirements.

In our opinion, HRDF complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008

Internal Control Over Compliance

The management of HRDF is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered HRDF's internal control over compliance

with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HRDF's internal control over compliance.

A control deficiency is an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Michael Lopez + Pauling, PLLC

June 29, 2009

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficienc(ies) identified that are not considered to be material weaknesses? Yes X none reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficienc(ies) identified that are not considered to be material weakness(es)? Yes X none reported

Type of auditor's report issued on compliance for major programs:

unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X none reported

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)**Federal Awards (Continued)**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
WIA Cluster:	
17 258	WIA Adult Program
17 259	WIA Youth Activities
17 260	WIA Dislocated Workers
96 007	Youth Transition Demonstration
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SECTION II - FINANCIAL STATEMENT FINDINGS**2008-1 Internal Control over Financial Reporting**Condition and Criteria:

HRDF's internal control over financial reporting is not sufficient to ensure that the financial statements are prepared in accordance with U.S. generally accepted accounting principles. Internal control should provide reasonable assurance that the financial statements are fairly presented in all material respects.

Effect:

There is more than a remote likelihood that material misstatements could occur in the financial statements that would not be prevented or detected by HRDF's internal control.

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2008

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

2008-1 Internal Control over Financial Reporting (Continued)Cause:

HRDF has relied on the auditor to prepare the draft financial statements, including identifying more complex aspects of financial reporting and responding with appropriate adjustments to the financial statements and related disclosures. In addition, the auditor proposed several material adjustments and reclassifications to the trial balance provided by management, including appropriate adjustments to cash to properly account for the close-out period expenses

Recommendation:

We recommend that HRDF implement internal controls over financial reporting, including review and approval of the financial statement amounts, including footnote disclosures. We recommend that the fiscal manager compare disclosures included in the financial statements with a disclosure checklist to ensure that the footnotes to the financial statements are complete and accurate.

Management's Response:

HRDF has developed a system to make all necessary journal entries after the grant close-outs are submitted. After the close-outs have been submitted to grantor agencies the data and fiscal manager will prepare all adjusting journal entries and submit them to HRDF's CPA's for approval.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

HUMAN RESOURCE DEVELOPMENT FOUNDATION, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

SECTION I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2007-1 Internal Control over Financial Reporting

Condition and Criteria:

HRDF's internal control over financial reporting is not sufficient to ensure that the financial statements are prepared in accordance with U.S. generally accepted accounting principles. Internal control should provide reasonable assurance that the financial statements are fairly presented in all material respects.

Recommendation:

We recommend that HRDF implement internal controls over financial reporting, including review and approval of the financial statement amounts, including footnote disclosures. We recommend that the fiscal manager compare disclosures included in the financial statements with a disclosure checklist to ensure that the footnotes to the financial statements are complete and accurate.

Current Status:

A similar finding is reported in the 2008 Schedule of Findings and Questioned Costs

SECTION II – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None