



70 East Main Street / Fredonia, New York 14063 / 716-672-4770 / Fax 716-679-1512

October 12, 2006

To the Board of Directors
W.I.B., Inc.

We have audited the financial statements of W.I.B., Inc. for the years ended June 30, 2006 and 2005, and have issued our report thereon dated September 19, 2006. Professional standards require that we provide you with the following information related to our audits.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 11, 2006, our responsibility, as described by professional standards, is to plan and perform our audits to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audits, we considered the internal control of W.I.B., Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by W.I.B., Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended June 30, 2006 and 2005. We noted no transactions entered into by the W.I.B., Inc. during the years that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no significant accounting estimates relating to W.I.B. Inc. as of June 30, 2006 and 2005, and for the years then ended.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the W.I.B, Inc.'s financial reporting process (that is, cause future financial statements to be materially misstated). We did not propose any audit adjustments for the years ended June 30, 2006 and 2005 which were not recorded.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to W.I.B., Inc.'s financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as W.I.B., Inc.'s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audits.

This information is intended solely for the use of the Board of Directors and management of W.I.B., Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Johnson, Mackowiak & Associates, LLP

Johnson, Mackowiak & Associates, LLP

W.I.B., INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEARS ENDED JUNE 30, 2006 AND 2005

W.I.B., INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplemental Information:	
Combining Schedules of Revenues, Expenses, and Changes in Net Assets	12-13
Schedule of Expenditures of Federal Awards	14
Notes to Schedule of Expenditures of Federal Awards	15
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	18
Schedule of Findings and Questioned Costs	20
Summary of Prior Audit Findings	22

W.I.B., INC.
 SUPPLEMENTAL INFORMATION - COMBINING SCHEDULE OF
 REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 YEAR ENDED JUNE 30, 2005

	W. I. B., Inc. Local County Program	WIA	TANF Summer Youth	TANF Health Worker	Combined Total
REVENUES					
Federal awards	\$ 4,855	\$ 1,807,901	\$ 145,587	\$ 225,212	\$ 2,183,555
Other program income	3,000	-	-	-	3,000
Interest income	29	-	-	-	29
Other income	113,245	-	-	-	113,245
Total revenues	121,129	1,807,901	145,587	225,212	2,299,829
EXPENSES					
Program services	99,528	1,636,920	133,478	216,597	2,086,523
SUPPORTING SERVICES					
Management and general	9,013	187,389	1,761	8,615	206,778
Total expenses	108,541	1,824,309	135,239	225,212	2,293,301
INCREASE IN NET ASSETS	12,588	(16,408)	10,348	-	6,528
NET ASSETS, beginning	95,792	16,408	-	-	112,200
NET ASSETS, ending	\$ 108,380	\$ -	\$ 10,348	\$ -	\$ 118,728

W.I.B., INC.
 SUPPLEMENTAL INFORMATION -
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2006

Federal Grantor Program Title (1)	Federal CFDA Number (2)	Note	Expenditures (3)
<u>DEPT. OF LABOR</u>			
Passed through NYS Department of Labor, Workforce Investment Act:			
Adult Program	17.258		\$ 380,566
Youth Activities	17.259		450,888
Dislocated Workers	17.260		<u>565,514</u>
			1,396,968
Work Incentives Grant - Disability Navigator	17.266		<u>51,673</u>
Total Dept. of Labor			<u>1,448,641</u>
<u>DEPT. OF HEALTH AND HUMAN SERVICES</u>			
Passed through NYS Office of Temporary and Disability Assistance:			
TANF Summer Youth Program	93.558		194,508
Youth Engagement Services Grant	93.558		<u>30,529</u>
			225,037
Passed through NYS Department of Health and contractor recipient, Lutheran Social Services:			
TANF Health Worker Training Initiative	93.558	(4)	61,716
Passed through NYS Department of Health and contractor recipient, Brooks Memorial Hospital:			
TANF Health Workforce Retraining Initiative	93.558	(5)	<u>9,576</u>
Total Dept. of Health and Human Services			<u>296,329</u>
<u>DEPT. OF EDUCATION</u>			
Passed through NYS Department of Education, 21st Century Community Learning Centers	84.287		<u>6,000</u>
<u>DEPT. OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through City of Dunkirk, New York: Community Development Block Grant	14.218	(6)	<u>6,063</u>
Total Expenditures of Federal Awards			<u>\$ 1,757,033</u>

See accompanying notes to schedule of expenditures of federal awards.



70 East Main Street / Fredonia, New York 14063 / 716-672-4770 / Fax 716-679-1512

INDEPENDENT AUDITOR'S REPORT

September 19, 2006

W.I.B., Inc.
Jamestown, New York

We have audited the accompanying statements of financial position of W.I.B., Inc. (a nonprofit organization) as of June 30, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of W.I.B., 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 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 the 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 W.I.B., Inc. as of June 30, 2006 and 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2006, on our consideration of W.I.B., Inc.'s internal control over financial reporting and on 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 should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of W.I.B., Inc. taken as a whole. The combining schedules of revenues, expenses, and changes in net assets are presented for purposes of additional analysis and are not a required part of the financial statements of W.I.B., Inc. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2006 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 of W.I.B., Inc. 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.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP

W.I.B., INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2006 AND 2005

ASSETS

	2006	2005
CURRENT ASSETS		
Cash and cash equivalents	\$ 102,280	\$ 134,705
Grants and other receivables	160,000	94,107
Prepaid expenses	12,117	9,828
TOTAL ASSETS	\$ 274,397	\$ 238,640

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 100,090	\$ 111,215
Accrued liabilities	21,800	8,697
Total current liabilities	121,890	119,912
NET ASSETS		
Unrestricted	122,525	108,380
Temporarily restricted	29,982	10,348
Total net assets	152,507	118,728
TOTAL LIABILITIES AND NET ASSETS	\$ 274,397	\$ 238,640

The accompanying notes are an integral part of these statements.

W I B., INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
UNRESTRICTED NET ASSETS		
Unrestricted revenues and other support		
Federal financial assistance	\$ 1,746,687	\$ 2,173,207
Other program income	-	3,000
Interest income	127	29
Other income - sublease rentals	84,623	83,353
Other income - reimbursed costs	16,654	29,892
TOTAL UNRESTRICTED REVENUES	1,848,091	2,289,481
Net assets released from restrictions:		
Restrictions satisfied by purpose or payment	10,348	16,408
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT	1,858,439	2,305,889
Expenses		
Program Services		
W.I.B., Inc. Local County Program	120,708	99,528
Workforce Investment (WIA)	1,308,543	1,636,920
TANF Summer Youth Employment Program	174,192	133,478
TANF Health Worker Training Initiative	58,469	216,597
	1,661,912	2,086,523
Supporting Services		
Management and general	182,382	206,778
TOTAL EXPENSES	1,844,294	2,293,301
INCREASE IN UNRESTRICTED NET ASSETS	14,145	12,588
TEMPORARILY RESTRICTED NET ASSETS		
Federal financial assistance	29,982	10,348
Net assets released from restrictions:		
Restrictions satisfied by purpose or payment	(10,348)	(16,408)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	19,634	(6,060)
INCREASE IN NET ASSETS	33,779	6,528
NET ASSETS AT BEGINNING OF YEAR	118,728	112,200
NET ASSETS AT END OF YEAR	\$ 152,507	\$ 118,728

The accompanying notes are an integral part of these statements.

W.I.B., INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2006

	PROGRAM SERVICES						SUPPORTING SERVICES	
	W.I.B., Inc. Local County Program	WIA	TANF Summer Youth	TANF Health Worker	Total Program Services	Management and General	Total	
Salaries and benefits	\$ 27,667	\$ 203,530	\$ 45,223	\$ -	\$ 276,420	\$ 139,772	\$ 416,192	
Contractual services	10,802	640,665	3,105	1,148	655,720	5,808	661,528	
Supplies	2,596	12,347	7,020	-	21,963	1,179	23,142	
Communication services	4,829	68,214	3,914	-	76,957	7,071	84,028	
Postage and shipping	2,789	5,320	6	-	8,115	477	8,592	
Occupancy costs	57,446	60,024	1,727	-	119,197	17,211	136,408	
Travel and auto expense	2,342	5,975	2,457	-	10,774	3,569	14,343	
Conferences and conventions	1	2,465	6	-	2,472	48	2,520	
Publicity and promotion	-	13,127	2,522	-	15,649	393	16,042	
Participant training and support	10,017	254,498	104,733	57,321	426,569	-	426,569	
Equipment	-	21,410	518	-	21,928	1,037	22,965	
Printing	1,337	7,214	30	-	8,581	768	9,349	
Miscellaneous	882	13,754	2,931	-	17,567	5,049	22,616	
TOTAL EXPENSES	\$ 120,708	\$ 1,308,543	\$ 174,192	\$ 58,469	\$ 1,661,912	\$ 182,382	\$ 1,844,294	

The accompanying notes are an integral part of these statements.

W.I.B., INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2005

	PROGRAM SERVICES						SUPPORTING SERVICES	
	W.I.B., Inc. Local County Program	WIA	TANF Summer Youth	TANF Health Worker	Total Program Services	Management and General	Total	
Salaries and benefits	\$ 8,342	\$ 165,914	\$ 11,717	\$ -	\$ 185,973	\$ 148,284	\$ 334,257	
Contractual services	19,993	802,309	16,938	30,208	869,448	28,811	898,259	
Supplies	-	13,393	430	-	13,823	1,129	14,952	
Communication services	5,884	59,178	89	-	65,151	5,028	70,179	
Postage and shipping	1,347	5,981	-	-	7,328	87	7,415	
Occupancy costs	50,624	79,544	369	-	130,537	8,543	139,080	
Travel and auto expense	189	9,318	265	-	9,772	5,069	14,841	
Conferences and conventions	189	1,049	-	-	1,238	1,019	2,257	
Publicity and promotion	3,282	14,764	2,036	-	20,082	105	20,187	
Participant training and support	7,533	449,213	97,989	186,389	741,124	-	741,124	
Equipment	1,268	9,882	-	-	11,150	590	11,740	
Printing	265	13,198	27	-	13,490	1,574	15,064	
Miscellaneous	612	13,177	3,618	-	17,407	6,539	23,946	
TOTAL EXPENSES	\$ 99,528	\$ 1,636,920	\$ 133,478	\$ 216,597	\$ 2,086,523	\$ 206,778	\$ 2,293,301	

The accompanying notes are an integral part of these statements.

W.I.B., INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 33,779	\$ 6,528
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
(Increase) decrease in operating assets:		
Grants and other receivables	(65,893)	106,990
Prepaid expenses	(2,289)	(9,828)
Increase (decrease) in operating liabilities:		
Accounts payable	(11,125)	(154,267)
Accrued liabilities	13,103	(9,240)
Net cash used by operating activities	<u>(32,425)</u>	<u>(59,817)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(32,425)	(59,817)
CASH AND CASH EQUIVALENTS, beginning	<u>134,705</u>	<u>194,522</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 102,280</u>	<u>\$ 134,705</u>

The accompanying notes are an integral part of these statements.

W.I.B., INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - W.I.B., Inc. (Workforce Investment Board, the "Organization") is designed to access all resources within the County of Chautauqua, New York, and to assist local employers to become competitive in a global economy as well as to help individuals attain the life skills necessary for employment in family sustaining jobs. Support consist primarily of federal funding received through the New York State Department of Labor and the County of Chautauqua, New York.

ACCOUNTING METHOD - The Organization uses the accrual method of accounting, recognizing revenues as earned and expenses as incurred and conforms to standards of accounting and reporting appropriate to not-for-profit organizations.

FEDERAL INCOME TAXES - The Organization is tax exempt under Section 501 (c) (3) of the Internal Revenue Service Code. Accordingly, the Organization is not liable for income taxes or federal unemployment insurance.

BASIS OF PRESENTATION - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted assets.

CASH AND CASH EQUIVALENTS - For purposes of the statement of cash flows, the Organization considers cash and cash equivalents to be all cash accounts and short-term investments purchased with a maturity of three months or less.

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

RESTRICTED AND UNRESTRICTED REVENUE AND SUPPORT - Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor or grantee restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Support that is restricted by the donor or grantee is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor or grantee restricted support 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.

FAIR VALUES OF FINANCIAL INSTRUMENTS - The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

PROPERTY AND EQUIPMENT - Purchases of property and equipment made with federal funds are not recorded on the statement of financial position because title to such is held by the grantors. It is the Organization's policy to capitalize acquisitions of property and equipment in excess of \$5,000 if made with other than federal or state funding.

NOTE 2 - PROGRAM DESCRIPTIONS

W.I.B., INC. - This is the general unrestricted net assets fund used wherever needed to provide for the overall operating activities of the Organization.

WORKFORCE INVESTMENT ACT (WIA) - This program is designed to provide workforce investment activities that increase the employment, retention and earnings of participants, and increase occupational skill attainment by participants, which will improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the local economy.

TANF (TEMPORARY ASSISTANCE TO NEEDY FAMILIES) SUMMER YOUTH EMPLOYMENT PROGRAM - This program is designed to provide full wage subsidy paid summer employment to eligible participants.

TANF HEALTH WORKER TRAINING INITIATIVE - The objective of this program is to retain new and current nursing home employees by enabling them to sit for the NYS Board exam for practical nursing, upgrade the skills of health care supervisors, and provide additional child care services for participants in these training programs.

NOTE 3 - DONATED SERVICES AND GOODS

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise.

NOTE 4 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2006 and 2005, were available for the following purposes or periods:

	2006	2005
For subsequent year's activities	<u>\$ 22,982</u>	<u>\$ 10,348</u>

NOTE 5 - LEASES

The Organization is leasing office space under a noncancellable operating lease which expires August 2006. Effective August 1, 2003, the monthly rent was \$9,733. During May 2005, the organization signed a five year extension through August 2011 with the monthly rent increasing to \$11,000. The Organization has the right to pay annually in advance at a 10% cash discount. The Organization is also leasing telecommunication equipment for \$1,623 per month over a thirty-six month period beginning April 2002. A copier is being leased for \$499 per month over a thirty-six month period beginning May 2004. Another copier is being leased for \$143 per month over a thirty-six month period beginning May 2006. The following is a schedule of future minimum lease payments as of June 30, 2006:

Year ending June 30,

2007	\$ 121,795
2008	120,516
2009	120,516
2010	120,230
2011	118,800
Thereafter	19,800
	<u>\$ 621,657</u>

Expense for the above leases for the years ended June 30, 2006 and 2005, was \$111,108 and \$125,720, respectively.

The Organization sub-leased portions of its building during the year. Sublease rental income for the years ended June 30, 2006 and 2005, was \$84,623 and \$83,353, respectively. Future minimum sublease rental income is as follows:

NOTE 5 - LEASES, continued

Year ending June 30,

2007

\$ 10,107

\$ 10,107

NOTE 6 - ADVERTISING

The Organization occasionally uses advertising to promote its programs among the communities it serves. Advertising costs are expensed as incurred. During the years ended June 30, 2006 and 2005, advertising costs totaled \$16,042 and \$20,187, respectively.

NOTE 7 - RETIREMENT PLAN

In January 2003, the Organization established a SIMPLE IRA plan. All employees who are reasonably expected to receive at least \$5,000 in compensation during the current calendar year are eligible to participate in the plan. For the years ended June 30, 2006 and 2005, the Organization's 3% contribution on behalf of employees was \$9,844 and \$8,138, respectively.

W.I.B., INC.
 SUPPLEMENTAL INFORMATION - COMBINING SCHEDULE OF
 REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 YEAR ENDED JUNE 30, 2006

	W. I. B., Inc. Local County Program	WIA	TANF Summer Youth	TANF Health Worker	Combined Total
REVENUES					
Federal awards	\$ 42,593	\$ 1,459,702	\$ 203,082	\$ 71,292	\$ 1,776,669
Interest income	127	-	-	-	127
Other income	101,277	-	-	-	101,277
Total revenues	143,997	1,459,702	203,082	71,292	1,878,073
EXPENSES					
Program services	120,708	1,308,543	174,192	58,469	1,661,912
SUPPORTING SERVICES					
Management and general	9,144	140,098	20,317	12,823	182,382
Total expenses	129,852	1,448,641	194,509	71,292	1,844,294
INCREASE IN NET ASSETS	14,145	11,061	8,573	-	33,779
NET ASSETS, beginning	108,380	-	10,348	-	118,728
NET ASSETS, ending	\$ 122,525	\$ 11,061	\$ 18,921	\$ -	\$ 152,507

W.I.B., INC.
SUPPLEMENTAL INFORMATION -
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

Note:

- (1) Includes all major and nonmajor programs.
- (2) Source: 2005 Catalog of Federal Domestic Assistance
- (3) The accompanying schedule of expenditures of federal awards includes the federal grant activity of W.I.B., Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.
- (4) The following relates to CFDA No. 93.558, TANF Health Worker Training Initiative: Memorandum of Agreement with contractor recipient, Lutheran Social Services; Lutheran Social Services with the New York State Department of Health, Contract No. C-018303.
- (5) The following relates to CFDA No. 93.558, TANF Health Worker Training Initiative: Memorandum of Agreement with contract recipient, Brooks Memorial Hospital; Brooks Memorial Hospital with the New York State Department of Health, Contract No. C-019761.
- (6) The following relates to CFDA No. 14.218, Community Development Block Grant: Subrecipient agreement with the City of Dunkirk, New York; The City of Dunkirk, New York with the U.S. Department of Housing and Urban Development, Project Numbers B-03-MC-36-0014 and B-05-MC-36-0014.



JOHNSON, MACKOWIAK
AND ASSOCIATES, LLP
Certified Public Accountants & Consultants

70 East Main Street / Fredonia, New York 14063 / 716-672-4770 / Fax 716-679-1512

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

September 19, 2006

W.I.B., Inc.
Jamestown, New York

We have audited the financial statements of W.I.B., Inc. (a nonprofit organization) as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated September 19, 2006. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered W.I.B., Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal controls over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether W.I.B., Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and 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.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP



70 East Main Street / Fredonia, New York 14063 / 716-672-4770 / Fax 716-679-1512

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

September 19, 2006

W.I.B., Inc.
Jamestown, New York

Compliance

We have audited the compliance of W.I.B., Inc. (a nonprofit organization) 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, 2006. W.I.B., Inc.'s major federal programs are identified in the summary of auditor's 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 W.I.B., Inc.'s management. Our responsibility is to express an opinion on W.I.B., Inc.'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 W.I.B., Inc.'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 of W.I.B., Inc.'s compliance with those requirements.

In our opinion, W.I.B., Inc. 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, 2006.

Internal Control Over Compliance

The management of W.I.B., Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered W.I.B., Inc.'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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and 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.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP

W.I.B., INC
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2006

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>	
Internal control over financial reporting:	<u>Yes</u>	<u>No</u>
Reportable condition(s) identified and disclosed:	_____	<u>X</u>
Reportable condition(s) considered to be material weakness(es):	_____	<u>X</u>
Instances of material noncompliance material to the financial statements:	_____	<u>X</u>

Federal Awards

Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>	
Internal control over major programs:	<u>Yes</u>	<u>No</u>
Reportable condition(s) identified:	_____	<u>X</u>
Reportable condition(s) considered to be material weakness(es):	_____	<u>X</u>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____	<u>X</u>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258 17.259 17.260	<u>Workforce Investment Act:</u> WIA Adult Program WIA Youth Activities WIA Dislocated Workers

W.I.B., INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
YEAR ENDED JUNE 30, 2006

Section I - Summary of Auditor's Results, continued

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

 X yes _____ no

Section II - Financial Statement Findings: NONE

Section III - Federal Award Findings and Questioned Costs: NONE

W.I.B., INC.
SUMMARY OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2006

There were no audit findings for the year ended June 30, 2005.