

**Work2Future Foundation**  
(A California Nonprofit Organization)

Audited Financial Statements & Reports  
June 30, 2016



**Chavan & Associates, LLP**  
Certified Public Accounts  
1475 Saratoga Ave, Suite 180  
San Jose, CA 95129

**Work2Future Foundation**  
(A California Nonprofit Organization)

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## *Financial Section*



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Work2Future Foundation  
San Jose, California

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Work2Future Foundation (a California Nonprofit Organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes 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 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 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Work2Future Foundation as of June 30, 2016, and the changes in its net assets



and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016 on our consideration of the Work2Future Foundation'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Work2Future Foundation's internal control over financial reporting and compliance.

C & A UP

October 25, 2016  
San Jose, California

## ***Basic Financial Statements***

**Work2Future Foundation**  
(A California Nonprofit Organization)  
Statement of Financial Position  
June 30, 2016

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**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 643,348
Grants receivable	144,165
Prepaid expenses and other current assets	<u>68,129</u>
 Total Assets	 <u><u>\$ 855,642</u></u>

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 33,689
Accrued expenses	10,229
Accrued payroll and related liabilities	140,710
Deferred revenue	<u>144,094</u>
 Total Liabilities	 <u>328,722</u>

**NET ASSETS**

Temporarily restricted	462,997
Unrestricted	<u>63,923</u>
 Total Net Assets	 <u>526,920</u>
 Total Liabilities and Net Assets	 <u><u>\$ 855,642</u></u>

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

**Work2Future Foundation**  
(A California Nonprofit Organization)  
Statement of Activities and Changes in Net Assets  
For the year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Grants	\$ 4,171,351	\$ -	\$ 4,171,351
Contributions	-	708,527	708,527
In-kind contributions	703,148	-	703,148
Net investment income	1,108	-	1,108
Miscellaneous	37,144	-	37,144
Released from restrictions	425,481	(425,481)	-
Total Revenue and Support	<u>5,338,232</u>	<u>283,046</u>	<u>5,621,278</u>
<b>EXPENSES</b>			
Program expenses	4,973,925	-	4,973,925
Management and general expenses	321,940	-	321,940
Total Expenses	<u>5,295,865</u>	<u>-</u>	<u>5,295,865</u>
Change in Net Assets	42,367	283,046	325,413
Total Net Assets - Beginning	21,556	179,951	201,507
Total Net Assets - Ending	<u>\$ 63,923</u>	<u>\$ 462,997</u>	<u>\$ 526,920</u>

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



**Work2Future Foundation**  
(A California Nonprofit Organization)  
Statement of Functional Expenses  
For the year ended June 30, 2016

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	Program Expenses	Management and General	Total Expenses
Employee benefits and expense	\$ 3,852,243	\$ 194,158	\$ 4,046,401
Payroll taxes	276,101	12,664	288,765
Professional fees	54,433	68,021	122,454
Purchased services	-	1,136	1,136
Supplies	52,533	24,276	76,809
Travel	27,476	1,092	28,568
In-kind donations	703,148	-	703,148
Communication	5,658	565	6,223
Building and Equipment Rental	1,200	5,032	6,232
Other	1,133	14,996	16,129
	\$ 4,973,925	\$ 321,940	\$ 5,295,865

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

**Work2Future Foundation**  
(A California Nonprofit Organization)  
Statement of Cash Flows  
For the year ended June 30, 2016

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 325,413
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in grants receivable	45,216
(Increase) decrease in prepaid expenses and other current assets	(37,916)
(Increase) decrease in accounts payable	17,656
Increase (decrease) in accrued expenses	3,193
Increase (decrease) in accrued payroll and related liabilities	(15,228)
Increase (decrease) in other liabilities	<u>118,979</u>
Net cash provided by (used for) operating activities	457,313
Cash and cash equivalents - beginning of year	<u>186,035</u>
Cash and cash equivalents - end of year	<u><u>\$ 643,348</u></u>

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

**Work2Future Foundation**  
(A California Nonprofit Organization)  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2016

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The work2future Foundation was established in September of 2011 with the purpose of creating and advancing new opportunities to connect workforce and economic development as well as to promote small business development, growth and sustainability. The work2future Foundation is a 501(c)(3) corporation that provides private and publicly funded vocational education and training programs in Santa Clara County and its unincorporated areas. The work2future Foundation serves an estimated 5,000 job seekers each year.

Basis of Presentation

The financial statements are presented in conformity with Financial Accounting Standards Board Accounting Standards Codification 958 (FASB ASC 958) of Not-For-Profit Organizations. Under FASB ASC 958, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*Permanently Restricted Net Assets* - Net assets subject to third party or legal stipulations that they be maintained permanently. There were no permanently restricted net assets as of June 30, 2016.

*Temporarily Restricted Net Assets* - Net assets whose use is limited by third party or legal stipulations that either expire by passage of time or can be fulfilled and released by actions pursuant to those donor-imposed or legal stipulations. There was \$462,997 in temporarily restricted net assets as of June 30, 2016.

*Unrestricted Net Assets* - Net assets whose use is not subject to third party or legal restrictions.

Revenues are reported as increases in unrestricted net assets unless their use is limited by third party restrictions. Expenses are reported as decreases in unrestricted net assets. 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 as net assets released from restrictions in the statement of activities.

Accounting Principles

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America, as prescribed by the American Institute of Certified Public Accountants, which require the use of the accrual method of accounting. Under the accrual method of accounting, revenue is recognized when earned and expenses are recognized in the period incurred.

Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Restricted contributions for which the restrictions are met in the year received are considered unrestricted for financial statement purposes. When a donor restriction expires because a time restriction ends or a 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.

**Work2Future Foundation**  
(A California Nonprofit Organization)  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2016

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Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit and review by grantor agencies. The review could result in the disallowance of an expenditure under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Donated Assets

Noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services and Items

A substantial number of individuals have donated significant amounts of time and inventory to the Organization's programs and supporting functions. However, these services do not meet the criteria for recognition in accordance with accounting principles generally accepted in the United States and, therefore, are not recorded in the financial statements.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk include cash and investments. The Organization maintains its cash in interest bearing bank deposit accounts. At times, interest bearing accounts may exceed federally insured limits as guaranteed by the Federal Depository Insurance Corporation (FDIC).

Cash and Cash Equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. For financial statement purposes, the Organization considers investments with maturity of three months or less to be cash equivalents.

Property, Equipment and Improvements

When applicable, expenses for property and equipment are capitalized at cost and depreciated over their estimated useful lives of five to twenty-five years using the straight-line method.

Tax Exempt Status

The Organization has been granted tax-exempt status by the Internal Revenue Service (Section 501 (c)(3)) and the California Franchise Tax Board (Section 23701 d). The Organization is registered with the Registry of Charitable Trusts of the Office of the Attorney General of the State of California. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1 )(A).

The Organization is subject to a tax on income from any unrelated business. The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for years ended June 30, 2013 through

**Work2Future Foundation**  
(A California Nonprofit Organization)  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2016

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2016 are subject to examination by the IRS, generally for three years after they are filed. The Organization's state returns (Form 199) for the years ended June 30, 2013 through 2016 could be subject to examination by state taxing authorities, generally for four years after they are filed.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and Changes in Net Assets and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The carrying amount of the Organization's total cash was \$643,348 at June 30, 2016. The bank balances before reconciling items exceeded the Federal Depository Insurance Corporation's (FDIC) insured limits by \$472,042. The FDIC covers up to \$250,000 per entity, per bank.

**NOTE 3 - GRANTS RECEIVABLE**

As of June 30, 2016, the Organization's grants receivable consisted of \$144,165 in claims made to the City of San Jose for Workforce Investment Program expenditures incurred in June of 2016.

**NOTE 4 - ACCRUED PAYROLL AND RELATED LIABILITIES**

Accrued payroll and related liabilities consisted of \$60,000 in accrued vacation and \$80,710 in accrued payroll as of June 30, 2016. Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. Payroll was accrued for the last payroll of the fiscal year which was not paid until the beginning of the following fiscal year.

**NOTE 6 - LINE OF CREDIT**

The Organization has available an unsecured line of credit. The maximum borrowing limit of \$125,000 on the line of credit which expires June 30, 2017. As of June 30, 2016 the outstanding balance was \$0.00. The line of credit agreement includes certain financial covenants, all of which have been met for the year ended June 30, 2016

**NOTE 7 - RETIREMENT PLANS**

The Organization has an employer profit sharing plan which qualifies under Section 403(b) of the Internal Revenue Code. This contribution plan covers all permanent employees.

**Work2Future Foundation**  
(A California Nonprofit Organization)  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2016

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**NOTE 8 - DEFERRED REVENUE**

Deferred revenue represents revenue collected by the Organization but not earned as of June 30. This is primarily composed of revenue for San Jose Works program. If a program is conducted over fiscal year end, deferred revenue is recorded for all revenue related to programs to be conducted in the next fiscal year. Deferred revenue is reflected as a liability on the Statement of Financial Position until it is earned and can be recognized as income.

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

Federal Awards and Grants

The Organization has received Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Lease Commitments

The Organization is provided space in San Jose, Gilroy and Morgan Hill by the City of San Jose to operate its youth center and job centers. The fair value rental of the properties has been recorded as an in-kind donation in the financial statements since management has determined that the estimated value of the annual rent is significant to the financial statements. The approximate fair value including equipment, supplies, utilities and repairs and maintenance was \$703,148.

**NOTE 10 - SUBSEQUENT EVENTS**

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

*Federal Award  
Compliance Section*

**Work2Future Foundation**  
(A California Nonprofit Organization)  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2016

Program Name	Federal Catalog Number	Pass-through Identifying Number	Program Expenditures
US Department of Labor:			
Passed through California Employment Development Department:			
Passed through City of San Jose Office of Economic Development - Work2Future:			
Workforce Innovation and Opportunity Act (WIOA) Program Cluster:			
WIOA Adult Program	17.258	(1) 18259	\$ 954,545
WIOA Youth Program	17.259	(1) 18259	1,047,184
WIOA Dislocated Workers Program	17.278	(1) 18259	768,472
Ready to Work Program	17.268	(1) 18259	88,146
National Emergency Grant	17.277	(1) 18259	55,691
			<u>2,914,038</u>
Total WIOA Program Cluster			<u>2,914,038</u>
Total Federal Programs			<u>\$ 2,914,038</u>

(1) Audited as major program



**Work2Future Foundation**  
(A California Nonprofit Organization)  
Notes to Federal Awards Compliance Section  
For the Year Ended June 30, 2016

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Work2Future Foundation (the Organization) under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Compliance Supplement, *Cost Principles for Nonprofit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**NOTE 3 - RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS**

The amounts reported in the accompanying schedule agree, in all material respects, to amounts reported within the Organization's financial statements. Federal award revenues are reported principally in the Organization's financial statements as grant revenues.

**NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree or can be reconciled with the amounts reported or to be reported in the federal financial reports.

**NOTE 5 - PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the Organization has determined that no identifying number is assigned for the program or the Organization was unable to obtain an identifying number from the pass-through entity.

*Other Independent Auditor's Reports*



**INDEPENDENT AUDITOR'S 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***

Board of Directors  
Work2Future Foundation  
San Jose, California

We have audited, 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, the financial statements of Work2Future Foundation (the Organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 25, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

October 25, 2016  
San Jose, California



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY TITLE 2 CFR PART 200 (UNIFORM GUIDANCE)**

Board of Directors  
Work2Future Foundation  
San Jose, California

**Report on Compliance for Each Major Federal Program**

We have audited Work2Future Foundation's (the Organization) compliance with the types of compliance requirements described in the *Uniform Compliance* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2016. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the Organization'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance



with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Compliance**

We have audited the financial statements of the Organization as of and for the year ended June 30, 2016, and have issued our report thereon dated October 25, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

C & A LLP

October 25, 2016  
San Jose, California

## *Findings and Recommendations*

**Work2Future Foundation**  
 (A California Nonprofit Organization)  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2016

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**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	<b>Unmodified</b>	
Internal control over financial reporting:		
Material weaknesses?	_____ Yes	___X___ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	___X___ None
Noncompliance material to financial statements noted?	_____ Yes	___X___ No

Federal Awards

Internal control over major programs:		
Material weaknesses?	_____ Yes	___X___ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	___X___ None
Type of auditor's report issued on compliance over major programs:	<b>Unmodified</b>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ Yes	___X___ No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
17.258	WIOA Adult Program
17.259	WIOA Youth Program
17.278	WIOA Dislocated Workers Program
17.268	Ready to Work Program
17.277	National Emergency Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	_____ Yes	___X___ No

(Continued)



**Work2Future Foundation**  
(A California Nonprofit Organization)  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

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**Section II - Financial Statement Findings**

No findings noted.

**Section III - Federal Award Findings and Questioned Costs**

No findings noted.

(Concluded)

**Work2Future Foundation**  
(A California Nonprofit Organization)  
Status of Prior Year Findings and Recommendations  
For the Year Ended June 30, 2016

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No findings noted.