

FOUNDATION FOR AN INDEPENDENT TOMORROW

FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

*The report accompanying these financial statements
was issued by Watkins Jackson CPAs, PLLC,
a Nevada Professional Limited Liability Company.*

STRICTLY PRIVATE AND CONFIDENTIAL



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WATKINS JACKSON CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Foundation for an Independent Tomorrow
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Foundation for an Independent Tomorrow (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019, and June 30, 2018, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Foundation for an Independent Tomorrow as of June 30, 2019 and 2018, statements of activities and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2020, on our consideration of Foundation for an Independent Tomorrow'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 in considering Foundation for an Independent Tomorrow's internal control over financial reporting and compliance.



Watkins Jackson CPAs
Las Vegas, Nevada
January 9, 2020

FOUNDATION FOR AN INDEPENDENT TOMORROW

STATEMENTS OF FINANCIAL POSITION

ASSETS	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current assets		
Cash and cash equivalents	\$ 1,199,330	\$ 1,175,535
Grants and other receivables	-	44,500
Federal grants receivable	56,249	139,782
Prepaid expenses and other current assets	20,785	21,084
Total current assets	<u>1,276,364</u>	<u>1,380,901</u>
Property and equipment, net of accumulated depreciation	<u>5,426,181</u>	<u>5,607,222</u>
Total assets	<u>\$ 6,702,545</u>	<u>\$ 6,988,123</u>
 LIABILITIES and NET ASSETS		
Current liabilities		
Accounts payable	\$ 79,727	\$ 20,673
Accrued expenses	55,265	81,318
Total current liabilities	<u>134,992</u>	<u>101,991</u>
Total liabilities	134,992	101,991
Net assets		
Without donor restrictions:		
Undesignated	<u>6,567,553</u>	<u>6,886,132</u>
Total liabilities and net assets	<u>\$ 6,702,545</u>	<u>\$ 6,988,123</u>

See Notes to Financial Statements

FOUNDATION FOR AN INDEPENDENT TOMORROW

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended June 30, 2019	Year Ended June 30, 2018
Changes in net assets without donor restrictions		
Revenues:		
Contributions and grants	\$ 1,942,655	\$ 2,252,966
Special events	245,485	227,050
Less direct benefit costs	(89,917)	(81,414)
Other	263,915	262,752
Total unrestricted revenues, gains and support	2,362,138	2,661,354
Expenses:		
Program	2,523,485	2,442,084
Fundraising	28,676	27,919
Management and general	128,556	134,096
Total expenses	2,680,717	2,604,099
(Decrease) Increase in net assets without donor restrictions	(318,579)	57,255
Change in net assets	(318,579)	57,255
Net assets, beginning of period	6,886,132	6,828,877
Net assets, end of period	\$ 6,567,553	\$ 6,886,132

See Notes to Financial Statements

FOUNDATION FOR AN INDEPENDENT TOMORROW

STATEMENTS OF FUNCTIONAL EXPENSES

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>Year ended June 30, 2019</u>				
Salaries and related expense	\$ 1,190,139	\$ 1,767	\$ 83,850	\$ 1,275,756
Instructional	737,419	-	-	737,419
Insurance	17,479	263	789	18,531
Client assistance	144,644	4,455	-	149,099
Printing and mailing	1,860	3	275	2,138
Professional services				
Donated	112,500	18,750	18,750	150,000
Other	35,268	56	5,219	40,543
Supplies	32,284	146	4,052	36,482
Fees, licenses and dues	1,427	2	211	1,640
Office and equipment maintenance	28,154	424	1,272	29,850
Depreciation	168,753	2,220	10,068	181,041
Marketing and promotions	209	-	31	240
Utilities, including telephone	31,472	474	1,422	33,368
Other	21,877	116	2,617	24,610
	<u>\$ 2,523,485</u>	<u>\$ 28,676</u>	<u>\$ 128,556</u>	<u>\$ 2,680,717</u>
<u>Year ended June 30, 2018</u>				
Salaries and related expense	\$ 1,126,700	\$ 3,375	\$ 82,435	\$ 1,212,510
Instructional	765,435	-	-	765,435
Interest expense	1,872	28	85	1,985
Insurance	16,808	253	759	17,820
Client assistance	121,781	3,528	-	125,309
Printing and mailing	2,532	8	340	2,880
Professional services				
Donated	112,500	18,750	18,750	150,000
Other	29,957	95	4,026	34,078
Supplies	14,091	77	1,647	15,815
Fees, licenses and dues	2,009	6	270	2,285
Office and equipment maintenance	26,376	281	2,063	28,720
Depreciation	167,718	919	19,630	188,267
Marketing and promotions	18	-	2	20
Utilities, including telephone	28,461	368	1,736	30,565
Other	25,826	231	2,353	28,410
	<u>\$ 2,442,084</u>	<u>\$ 27,919</u>	<u>\$ 134,096</u>	<u>\$ 2,604,099</u>

See Notes to Financial Statements

FOUNDATION FOR AN INDEPENDENT TOMORROW

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2019	Year Ended June 30, 2018
Cash Flows from Operating Activities		
(Decrease) Increase in net assets	\$ (318,579)	\$ 57,255
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	181,041	184,784
(Increase) decrease in operating assets:		
Contributions and grants receivable	128,033	(10,974)
Prepaid expenses and other current assets	299	(3,001)
Finance costs	-	3,483
Increase (decrease) in operating liabilities:		
Accounts payable	59,054	(867)
Accrued expenses	(26,053)	9,655
	23,795	240,335
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(23,540)
	-	(23,540)
Net cash used in investing activities	-	(23,540)
Cash Flows from Financing Activities		
Payments on note payable	-	(87,061)
	-	(87,061)
Net cash used in financing activities	-	(87,061)
Net increase in cash	23,795	129,734
Cash and equivalents, beginning of period	1,175,535	1,045,801
Cash and equivalents, end of period	\$ 1,199,330	\$ 1,175,535
Supplemental cash flow information		
Donated goods and services	\$ 204,498	\$ 200,687
Interest paid	\$ -	\$ 2,207

See Notes to Financial Statements

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 1. NATURE OF OPERATIONS

Activities

Foundation for an Independent Tomorrow (the “Foundation”) empowers motivated unemployed and underemployed Nevadans to become self-sufficient and achieve financial stability through individual mentoring and support for education, training and employment preparation. The Foundation assists qualified individuals that are 18 years of age or over, have a high school diploma or GED, are United States citizens, and can demonstrate a need for educational assistance or vocational training.

Concentrations

Because the Foundation operates exclusively in Las Vegas, Nevada, future operations could be affected by adverse economic conditions in the area.

During the years ended June 30, 2019 and 2018, the Foundation received approximately 67% and 57% respectively, of its support and revenue in the form of grants awarded as a recipient/sub recipient of federal funds from two funding sources. Accounts receivable during the years ended June 30, 2019 and 2018 from these same funding sources were approximately 94% and 76%, respectively.

From time-to-time, the Foundation may carry cash and cash equivalents on deposit with financial institutions in excess of federally-insured limits, and the risk of losses related to such concentrations may be increasing as a result of recent economic developments discussed in the foregoing paragraph. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, however, is not subject to estimation at this time.

Tax-exempt status

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no income tax is reflected in the accompanying financial statements. In addition, the Foundation is classified as a publicly supported charitable organization under IRC Section 509(a)(1); therefore, donations qualify for the maximum charitable contribution deduction under IRC Section 170(b)(1)(A)(vi). The Foundation’s tax returns for 2015 through 2018 remain open for possible examination by the Internal Revenue Service.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization has adopted guidance issued by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entity. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The financial statements have been prepared on the accrual basis of accounting.

Cash equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment (Note 5) are stated at cost if purchased or fair value if donated. It is the policy of the Foundation to capitalize costs individually of \$500 or more. Depreciation is computed using either an accelerated or straight line method over the following useful lives:

	<u>Estimated lives</u>
Building	39 years
Office equipment	5 years
Software	3 years
Furniture and fixtures	7-10 years

Donated furniture and equipment (and property purchased with restricted funds, if any) is included in unrestricted net assets unless otherwise specified by the donor.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Revenue and support with and without restrictions

Revenues from exchange transactions, including substantially all grants and contracts, are recognized when earned. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions. As of June 30, 2019, the Organization has no net assets with donor restriction. However, when both net assets without donor restrictions and net assets with donor restrictions are available for use, it is the Organization's policy to use net assets with donor restrictions first, then net assets without donor restrictions.

As required under ASC Subtopic 958-605, "Accounting for Contributions Received and Contributions Made," all contributions are recognized as support in the statement of activities in the period received, including unconditional pledges receivable, at their estimated net realizable value (with present value discounts if due in more than one year amortized as contribution income over the expected holding period) and net of any allowance for estimated uncollectible receivables.

Contributions of cash or other assets received with donor restrictions are reported as unrestricted support when the donor restrictions are fulfilled within the same accounting period. However, restricted contributions of cash or other assets received in prior years are deemed expended before restricted contributions received in the current year for the same purpose.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2019 and 2018 was \$240 and \$20, respectively.

Use of estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure 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.

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

The following expenses were allocated on the basis of direct expenses: Salaries and related expense, Instructional, Client assistance and Donated professional services.

The following expenses were allocated on the basis of payroll allocation: Printing and mailing, Other professional services, Fees, licenses and dues, and Marketing and promotions.

The following expenses were allocated on the basis of space allocation: Insurance, Office and equipment maintenance and Utilities, including telephone.

The following expenses were allocated by a function of payroll and space allocation: Supplies, Depreciation and amortization and Other.

Functional expenses

Certain expenses are allocated functionally based in significant part on estimates by management.

Donated services and assets

Significant portions of the Foundation's functions are conducted by unpaid volunteers. The value of the contributed services is not reflected in the accompanying financial statements when they do not meet the criteria for recognition under ASC Subtopic 958-605. Donated (in-kind) assets are recognized as unrestricted contribution revenue at their estimated fair value when received unless otherwise specified by the donor. Donated services that were given accounting recognition in the year ended June 30, 2019 and 2018 consist of \$150,000 and \$150,000, respectively.

Reclassifications

Certain minor reclassifications of prior year amounts have been made to conform to the current year presentation.

Fair value of financial instruments

The Foundation's financial instruments include contributions and other receivables, federal grants receivable, prepaid expenses, accounts payable and accrued expenses. The fair value hierarchy under U.S. GAAP distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level one – Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level two – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level three – Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation has determined the estimated fair values of its financial instruments using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Foundation estimates are not necessarily indicative of the amounts that it, or holders of the instruments, could realize in a current market exchange. The use of different assumptions or valuation methodologies could have a material effect on the estimated fair value amounts.

The fair value estimates are based on information available as of June 30, 2019. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

Contributions and other receivables, federal grants receivable, prepaid expenses, accounts payable and accrued expenses approximate their respective fair values.

Recently Issued Accounting Pronouncements

The Foundation has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASU’s, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Foundation.

On August 16, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-profit Entities. The update addresses the complexity and understandability of net assets classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. The Foundation has adopted the provisions of ASU 2016-14 during the year ended June 30, 2019, and has adjusted the presentation of these statements and the notes to the financial statements accordingly. Under ASC No. 958, the Foundation was required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Donor-restricted contributions whose restrictions were met in the same reporting period were reported as unrestricted. Donor-restricted contributions whose restrictions may or would be met in different reporting periods were reported as temporarily restricted. Donor-restricted contributions with stipulations of contributions maintained permanently by the Foundation were reported as permanently restricted. ASU 2016-14 reduces the three classes of net assets into two classes; net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions, formerly unrestricted net assets, could include subcategories related to board designated amounts for specific purposes. When no board designated restrictions are present the amount is deemed undesignated for general Foundation purposes. Net assets with donor restrictions, formerly temporarily and permanently restricted net assets, represents amounts from donor contributions that have donor-imposed restrictions. These donor-imposed restrictions could be subject related, have time restrictions on use or not be subject to appropriation or expenditure in perpetuity. For the year ended June 30, 2018, the financial statements have been adjusted but the notes to the financial statements do not include 2018 information regarding liquidity and availability.

NOTE 3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Foundation is substantially supported by grant and contribution revenues and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves by operating within a range of financial soundness and stability while maintaining sufficient liquid assets and reserves to meet the near-term operating needs and provide reasonable assurance that liabilities and other obligations will be discharged as they become due. The following table reflects the Foundation’s financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY (CONTINUED)

	2019
Financial assets, at year end:	
Cash	\$ 1,199,330
Federal grants receivable	56,249
Total financial assets, at year end:	1,255,579
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Accounts payable and accrued expenses	(134,992)
Total financial assets available to management for general expenditure within one year	\$ 1,120,587

NOTE 4. CASH AND CASH EQUIVALENTS

The Foundation maintains its cash in institutions insured by the Federal Deposit Insurance Corporation (FDIC). All non-interest bearing transaction deposit accounts at an FDIC-insured institution, including all personal and business checking deposit accounts that do not earn interest, are insured to \$250,000. At June 30, 2019 and June 30, 2018, the Foundation had uninsured cash balances in the amounts of \$666,455 and \$564,669 respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 5. GRANTS AND OTHER RECEIVABLES

Grants and other receivables represent unconditional promises to give (pledges) by donors and are recorded net of allowance, if any. Other receivables, primarily resulting from grants and contracts, are recorded at net realizable value and are expected to be collected within the next fiscal year. Contributions and other receivables are collectible as follows:

	2019	2018
Other receivables		
Due in one year	\$ -	\$ 45,500
Less allowance for doubtful accounts	-	-
	\$ -	\$ 45,500

It is the policy of the Foundation to write off uncollectible pledges of the past fiscal year against current year revenues.

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND JUNE 30, 2018

NOTE 6. PROPERTY AND EQUIPMENT

	2019	2018
Land	\$ 677,505	\$ 677,505
Building	5,993,867	5,993,867
Office equipment, furniture and fixtures	354,736	354,736
	7,026,108	7,026,108
Less accumulated depreciation	(1,599,927)	(1,418,866)
	\$ 5,426,181	\$ 5,607,222

Depreciation expense for fiscal years ending June 30, 2019 and 2018 were \$181,041 and \$184,784, respectively.

NOTE 7. RELATED PARTY TRANSACTIONS

The Foundation received contributions from officers, directors and their employers or controlled affiliate, including cash, goods and services, which for 2019 and 2018 totaled \$338,880 and \$308,988, respectively.

NOTE 8. FEDERAL GRANTS

For the year ended June 30, 2019, the Foundation received federally funded grant awards amounts totaling \$1,592,219.

For the year ended June 30, 2018, the Foundation received federally funded grant awards amounts totaling \$1,507,899.

NOTE 9. EMPLOYEE BENEFIT PLANS

The Foundation's employees are eligible (subject to certain requirements) to participate in a 401(k) plan. The Foundation makes discretionary matching contributions based on an amount determined by the Board of Directors. The Foundation contributed \$10,024 and \$8,894 for the years ended June 30, 2019 and 2018, respectively.

Vesting of the Foundations contributions is determined by the number of years of an employee's service from date of hire to date of termination.

NOTE 10. SUBSEQUENT EVENTS

We have evaluated the existence of both recognized and unrecognized subsequent events through January 9, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FOUNDATION FOR AN INDEPENDENT TOMORROW

**Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF LABOR			
Workforce Innovation and Opportunity Act, Title 1 - Adult Program	17.258	N/A	\$ 694,167 <u>694,167</u>
Reentry Employment Opportunities - Project Grants	17.270	N/A	896,150 <u>896,150</u>
Total Expenditures of Federal Awards			<u>\$ 1,590,317</u>

The accompanying notes are an integral part of this schedule.

FOUNDATION FOR AN INDEPENDENT TOMORROW

**Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal Awards (“SEFA”) includes the federal grant award activity of Foundation for an Independent Tomorrow, under programs of the federal government for the years ended June 30, 2019 in accordance with the requirements of Uniform Guidance, 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 preparation of, the basic financial statements. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. The cost principles indicate the certain types of expenditures are not allowable and certain allowable costs are limited as to reimbursement. Foundation for an Independent Tomorrow has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

NOTE 3. PASS-THROUGH AWARDS

Foundation for an Independent Tomorrow received certain federal financial assistance from pass-through awards of the passthrough entities listed on the SEFA.

FOUNDATION FOR AN INDEPENDENT TOMORROW

**Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF LABOR			
Workforce Innovation and Opportunity Act, Title 1 - Adult Program	17.258	N/A	\$ <u>779,277</u> 779,277
Reentry Employment Opportunities - Project Grants	17.270	N/A	\$ <u>728,622</u> 728,622
Total Expenditures of Federal Awards			\$ <u><u>1,507,899</u></u>

The accompanying notes are an integral part of this schedule.

FOUNDATION FOR AN INDEPENDENT TOMORROW

**Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018**

NOTE 1. BASIS OF PRESENTATION

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NOTE 3. PASS-THROUGH AWARDS

Foundation for an Independent Tomorrow received certain federal financial assistance from pass-through awards of the passthrough entities listed on the SEFA.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND INTERNAL CONTROL**



WATKINS JACKSON CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Foundation for an Independent Tomorrow
(A Nonprofit Organization)

Report on Compliance for Each Major Federal Program

We have audited Foundation for an Independent Tomorrow's (a non-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Foundation for an Independent Tomorrow's major federal programs for the year ended June 30, 2019. Foundation for an Independent Tomorrow'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 Foundation for an Independent Tomorrow'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 Foundation for an Independent Tomorrow'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 Foundation for an Independent Tomorrow's compliance.

Opinion on Each Major Federal Program

In our opinion, Foundation for an Independent Tomorrow 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, 2019.

Report on Internal Control Over Compliance

Management of Foundation for an Independent Tomorrow 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 Foundation for an Independent Tomorrow'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 Foundation for an Independent Tomorrow'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.



Watkins Jackson CPAs
Las Vegas, Nevada
January 9, 2020



WATKINS JACKSON CPAs

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*

To the Board of Directors
Foundation for an Independent Tomorrow
(A Nonprofit Organization)

We have audited, in accordance with the 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 the business-type activities of Foundation for an Independent Tomorrow, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Foundation for an Independent Tomorrow's basic financial statements, and have issued our report thereon dated January 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Foundation for an Independent Tomorrow'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foundation for an Independent Tomorrow's internal control. Accordingly, we do not express an opinion on the effectiveness of Foundation for an Independent Tomorrow'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 Foundation for an Independent Tomorrow'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 audits 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*.

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.

Watkins Jackson CPAs
Las Vegas, Nevada
January 9, 2020

FOUNDATION FOR AN INDEPENDENT TOMORROW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| Reportable condition(s) identified that are Not considered to be material weakness(es)? | No |
| 2. Type of auditor's report issued on compliance for major programs: | |
| Workforce Investment Act, Title 1 – Adult and Dislocated Worker | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Identification of major programs | |
| CFDA Number: | 17.258 (WIA Adult)
17.270 (Reintegration of ex-offenders) |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

SECTION II - FINDINGS-FINANCIAL STATEMENT AUDIT

None

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

FOUNDATION FOR AN INDEPENDENT TOMORROW
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| Reportable condition(s) identified that are Not considered to be material weakness(es)? | No |
| 2. Type of auditor's report issued on compliance for major programs: | |
| Workforce Investment Act, Title 1 – Adult and Dislocated Worker | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Identification of major programs | |
| CFDA Number: | 17.258 (WIA Adult)
17.270 (Reintegration of ex-offenders) |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

SECTION II - FINDINGS-FINANCIAL STATEMENT AUDIT

None

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None