



FRANCIS & COMPANY PLLC

Seattle Jobs Initiative

**Auditor's Reports and Financial Statements
For the Year Ended December 31, 2015**

SEATTLE JOBS INITIATIVE
AUDITOR'S REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Board of Directors
Seattle Jobs Initiative
Seattle, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Seattle Jobs Initiative (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net asset, functional expenses, 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 Seattle Jobs Initiative as of December 31, 2015, 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.

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Other Matters

Other Information

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2016, on our consideration of Seattle Jobs Initiative'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 Seattle Jobs Initiative's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Seattle Jobs Initiative's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Francis & Company PLLC
Seattle, Washington
May 30, 2016

STATEMENT OF FINANCIAL POSITION

SEATTLE JOBS INITIATIVE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014 (NOTE 1)

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents (Note 1)	\$1,132,924	\$1,443,163
Grants receivable (Note 1)	832,438	326,295
Prepaid expenses	45,863	37,865
Total current assets	2,011,225	1,807,323
Security deposit	8,808	8,808
Fixed assets, net of accumulated depreciation (Note 1)	6,441	20,132
Total assets	\$2,026,474	\$1,836,263
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$266,843	\$244,679
Accrued liabilities (Note 4)	80,131	110,153
Deferred revenue (Note 1)	388,588	209,461
Total current liabilities	735,562	564,293
Total liabilities	735,562	564,293
Net assets (Note 1)		
Unrestricted net assets	1,249,964	1,181,180
Temporarily restricted net assets	40,948	90,790
Total net assets	1,290,912	1,271,970
Total liabilities and net assets	\$2,026,474	\$1,836,263

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET
ASSETS**

SEATTLE JOBS INITIATIVE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014 (NOTE 1)

	Unrestricted	Temporarily Restricted	2015	2014
PUBLIC SUPPORT AND REVENUE				
Grants (Note 1)	3,026,362	30,000	3,056,362	2,905,627
Contributions (Note 1)	25,149	-	25,149	24,787
Consulting revenue	201,973	-	201,973	96,344
In-kind contribution (Note 1)	21,677	-	21,677	20,075
Interest income	1,496	-	1,496	1,201
Miscellaneous revenue	37,981	-	37,981	21,240
Total public support and revenue	3,314,638	30,000	3,344,638	3,069,274
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of purpose restriction	79,842	(79,842)	-	-
Total public support and revenue	3,394,480	(49,842)	3,344,638	3,069,274
EXPENSES				
Program services				
Employment through education and training	2,214,267	-	2,214,267	2,014,414
Innovation, partnerships, and policy	244,105	-	244,105	286,458
Consulting professional services	162,078	-	162,078	-
Supporting services				
Management & general	627,551	-	627,551	641,850
Fundraising	77,695	-	77,695	74,149
Total expenses	3,325,696	-	3,325,696	3,016,871
CHANGES IN NET ASSETS	68,784	(49,842)	18,942	52,403
NET ASSETS, BEGINNING OF YEAR	1,181,180	90,790	1,271,970	1,219,567
NET ASSET, END OF YEAR	1,249,964	40,948	1,290,912	1,271,970

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

STATEMENT OF FUNCTIONAL EXPENSES

SEATTLE JOBS INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014 (NOTE 1)

	Employment through Education & Training	Innovation, Partnerships & Policy	Consulting Professional Services	Total Program Services	Mgmt. & General	Fund-raising	Total Support	2015	2014
PAYROLL AND RELATED EXPENSES									
Salaries and wages	664,204	157,581	68,212	889,997	352,145	52,247	404,392	1,294,389	1,130,788
Payroll taxes	53,820	12,954	5,377	72,151	27,551	4,221	31,772	103,923	95,928
Benefits	111,241	26,539	11,378	149,158	67,696	9,240	76,936	226,094	210,961
Total payroll expenses	829,265	197,074	84,967	1,111,306	447,392	65,708	513,100	1,624,406	1,437,677
OTHER EXPENSES									
Program services	1,140,112	-	-	1,140,112	-	-	-	1,140,112	1,080,869
Professional fees	52,739	9,688	53,793	116,220	108,431	342	108,773	224,993	180,240
Office supplies	19,029	11,154	851	31,034	4,963	1,246	6,209	37,243	32,756
Equipment rental & maintenance	17,471	3,354	849	21,674	8,700	2,398	11,098	32,772	28,368
Occupancy	67,492	13,721	4,645	85,858	30,222	4,842	35,064	120,922	121,032
Communications	18,056	2,084	856	20,996	6,258	821	7,079	28,075	29,980
Travel	28,848	1,842	12,899	43,589	5,586	157	5,743	49,332	37,882
Professional development	2,244	273	20	2,537	2,563	307	2,870	5,407	5,290
Insurance	7,345	1,586	536	9,467	3,436	559	3,995	13,462	13,432
In-kind expense (Note 1)	16,925	1,232	416	18,573	2,669	434	3103	21,676	20,075
Taxes	-	13	1,268	1,281	-	-	-	1,281	-
Miscellaneous	7,272	471	433	8,176	3,836	312	4,148	12,324	13,916
Total other expenses	1,377,533	45,418	76,566	1,499,517	176,664	11,418	188,082	1,687,599	1,563,839
Depreciation	7,469	1,613	545	9,627	3,495	569	4,064	13,691	15,355
Total 2015 expenses	2,214,267	244,105	162,078	2,620,450	627,551	77,695	705,246	3,325,696	
Total 2014 expenses	2,014,414	286,458	-	2,300,871	641,850	74,149	716,000	3,016,871	

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

STATEMENT OF CASH FLOWS

**SEATTLE JOBS INITIATIVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014 (NOTE 1)**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	18,942	52,403
Depreciation	13,691	15,355
(Increase) Decrease in grants receivable	(506,143)	(37,746)
(Increase) Decrease in prepaid expenses	(7,998)	7,099
Increase (Decrease) in accounts payable	22,164	65,628
Increase (Decrease) in accrued liabilities	(30,022)	17,196
Increase (Decrease) in deferred revenue	179,127	191,835
Net cash provided (used) by operating activities	(310,239)	311,770
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,443,163	1,131,393
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,132,924	1,443,163

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

NOTES TO THE FINANCIAL STATEMENTS

**SEATTLE JOBS INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 1

DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Seattle Jobs Initiative (the Organization) began operating on November 22, 2002 as a nonprofit organization under the provision of RCW 24.03 of the State of Washington. The Organization replaced the Seattle Jobs Initiative Program, under the City of Seattle, as a part of the nationally recognized Workforce Development Program. The Organization is dedicated to providing workforce intermediary services, i.e. promoting innovations in the workforce development system to place low income residents in living wage jobs, support retention and upward mobility, and contribute to regional competitiveness by supplying employers with qualified workers.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors, unrestricted temporarily restricted and permanently restricted.

Unrestricted net assets are resources available to Seattle Jobs Initiative's operations.

Temporarily restricted net assets are resources that are restricted by the donor to be used for certain purposes or are time restricted based on the period during which the funds may be expended. At December 31, 2015 and 2014, temporarily restricted net assets were \$40,948 and \$90,790, respectively.

Permanently restricted net assets represent donations made with the intent that the principal be maintained intact in perpetuity, and the income may be used for current operations. There were no permanently restricted net assets at December 31, 2015.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Revenue Recognition

The Organization recognizes revenue from grant contracts when eligible costs are incurred. If revenue recognized exceeds cash advances received, then a receivable is recorded. However, if cash advances exceed revenue recognized, then a liability, deferred revenue, is recorded.

Receivable

Receivables are stated at net realizable value. No allowance was made during 2015 and 2014 as the Organization expects to collect all outstanding balances.

In-kind Contributions

In-kind contributions are recorded at amounts which would otherwise have been paid for comparable goods and services. The values of in-kind contributions are reported as both support and expenses in the accompanying Statement of Activities. Accordingly, in-kind contributions do not affect the financial position of the Organization. In-kind contributions during the year consist of software donations, minor equipment, and food for program participants.

**SEATTLE JOBS INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 1

DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Cash Flows

For cash flow purposes, highly liquid investments with an original maturity of less than three months are considered cash equivalents.

Functional Expense Allocation

Directly identifiable expenses are charged to programs. Expenses that are not directly identifiable with any specific function but provide for the overall support of the Organization are allocated between programs and support services.

Software, Equipment and Leasehold Improvements

Equipment acquisitions in excess of \$5,000 are capitalized at cost or if donated, at the fair market value the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five years for equipment. Leasehold improvements are amortized using the straight line method over the lesser of the term of the respective building lease or the useful life of the leasehold improvements.

In 2006, the Organization began development of JobStat, an internally-developed, web-enabled database reporting and billing system. The database was completed and put in service during 2008. Costs for this project were funded by the City of Seattle, who owns the right to the database. JobStat was fully depreciated in 2013.

At December 31, 2015 and 2014, software, equipment, and leasehold improvements are as follows:

	2015	2014
Software and equipment	\$ 904,738	\$ 904,738
Leasehold improvements	47,156	47,156
Accumulated depreciation	(945,453)	(931,762)
	\$ 6,441	\$ 20,132

Total depreciation was \$13,691 and \$15,355 in 2015 and 2014 respectively.

Restricted and Unrestricted Support

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

SEATTLE JOBS INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1

DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Income Tax

The Organization is exempt from income taxes to the extent provided under Section 501(c)(3) of Internal Revenue Code, except for net income derived from unrelated business activities. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior year summarized comparative information in totals. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014 from which the summarized comparative information was derived.

Fair Value Measurements

ASC 820, *Fair Value Measurement and Disclosures*, established a hierarchal disclosure which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and state of the marketplace including the existence and transparency of transactions between market participants.

Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions that market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied. As of December 31, 2015 and 2014, the carrying values of financial assets and liabilities, including cash and cash equivalents, receivables, and accounts payable, approximate their fair values.

**SEATTLE JOBS INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 OPERATING LEASES

The Organization has operating lease agreements for an office space, a copy machine, postage meter and telephone equipment. Future minimum lease payments under these lease agreements are as follows for the years ending December 31:

2016	152,160
2017	173,976
2018	179,138
2019	183,264
2020 afterwards	948,811
Total	\$ 1,637,349

Expenses related to the operating leases for the years ended December 31, 2015 and 2014 were \$153,694 and \$149,400 respectively.

NOTE 3 PENSIONS

Employees are eligible to participate in the Organization's 401(k) tax deferred savings plan (the plan) as of their date of hire. The plan allows employees to contribute up to a dollar limit set by law (\$18,000 plus an additional \$6,000 catch-up contribution for staff age 50 and older for 2015). The Organization makes a matching contribution equal to 100% of the deferrals of all active participants, up to 4% of their compensation. The Organization's contributions for the years ended December 31, 2015 and 2014 were \$49,483 and \$43,596 respectively.

NOTE 4 COMPENSATED ABSENCES PAYABLE

The Organization's employees earn 18 to 28 days of paid time off (PTO) per year based on the employees' length of service and full time equivalent (FTE). Up to a maximum of 120 hours of accrued unused PTO may be carried over from one calendar year to the next. Accrued PTO is payable to a terminating employee up to a maximum of 80 hours if the employee has more than one year of service with the Organization and gives at least two weeks' notice. The Organization only pays out accrued PTO at termination. At December 31, 2015 and 2014, accrued PTO were \$45,999 and \$42,536 respectively.

NOTE 5 SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Organization places its cash deposits with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depositary accounts and temporarily provides coverage through December 31, 2015 for certain qualifying and participating non-interest bearing accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits.

A significant portion (58%) of public support is derived from a contract administered by the City of Seattle. Revenue from this contract is subject to audit, which could result in adjustments to the revenue amount. The adjustments would be recorded at the time that such amounts can be reasonably determined, normally upon notification by the City of Seattle. During the year ended December 31, 2015, no such adjustments were made.

**SEATTLE JOBS INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 6

SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events that occurred after the statement of financial position date through May 30, 2016, which represents the date the financial statements were available to be issued.

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS**

**SEATTLE JOBS INITIATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Agency or Pass through Number	Federal Disbursements/ Expenditures	Expenditures to Subrecipients
UNITED STATES DEPARTMENT OF AGRICULTURE				
<i>State of Washington Department of Social and Health Services</i> State Administrative Matching Grants for the Supplementary Nutrition Assistance Program	10.561	1412-251116 & 1512-49941	\$ 872,538	\$ 369,919
<i>State of Kentucky Department of Social and Health Services/ Commonwealth of Kentucky</i> State Administrative Matching Grants for the Supplementary Nutrition Assistance Program	10.561	PON2 – 736 – 1600000652 – 1	\$ 40,289	NA
Total Federal Award Expenditures			\$ 912,827	\$ 369,919

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Seattle Jobs Initiative under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Seattle Jobs Initiative, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Seattle Jobs Initiative did not elect to use the 10 percent de minimis indirect cost rate.

**REPORT IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**



**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
Seattle Jobs Initiative

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 Seattle Jobs Initiative (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Seattle Jobs Initiative'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 Seattle Jobs Initiative'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 Seattle Jobs Initiative'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*.

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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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Francis & Company".

Francis & Company PLLC
Seattle, Washington
May 30, 2016

**REPORT IN ACCORDANCE WITH OMB COMPLIANCE
SUPPLEMENT**



**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
Seattle Jobs Initiative

Report on Compliance for Each Major Federal Program

We have audited Seattle Jobs Initiative's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Seattle Jobs Initiative's major federal programs for the year ended December 31, 2015. Seattle Jobs Initiative'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 Seattle Jobs Initiative'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 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 Seattle Jobs Initiative'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 Seattle Jobs Initiative's compliance.

Opinion on Each Major Federal Program

In our opinion, Seattle Jobs Initiative 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 December 31, 2015.

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Report on Internal Control Over Compliance

Management of Seattle Jobs Initiative 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 Seattle Jobs Initiative'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 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 Seattle Jobs Initiative'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Francis & Company PLLC
Seattle, Washington
May 30, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SEATTLE JOBS INITIATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Identification of major program:	
CFDA Number 10.561	State Administrative Matching Grants for the Supplementary Nutrition Assistance Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.