

**CAREER PATH SERVICES  
(A Non-Profit Organization)  
Spokane, Washington**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**  
June 30, 2016

CAREER PATH SERVICES  
Spokane County, Washington

AUDITED FINANCIAL STATEMENTS  
June 30, 2016  
(Fiscal year 2016 / Program year 2015)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements and Supplementary Schedules .....	1-2
Financial Statements:	
Statement of Financial Position - June 30, 2016.....	3
Statement of Activities and Changes in Net Assets - Year Ended June 30, 2016 .....	4
Statement of Cash Flows - Year Ended June 30, 2016.....	5
Notes to Financial Statements.....	6 - 12
Supplementary Data	
Combining Statements of Activity and Changes in Net Assets.....	13-17
Schedule of Federal Financial Assistance - Year Ended June 30, 2016 .....	18-20
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	21-22
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by Uniform Guidance.....	23-24
Schedule of Findings and Questioned Costs.....	25



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Career Path Services  
Spokane, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Career Path Services, Spokane County, Washington (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statement of activities and changes in net assets 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 Organization'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 of the effectiveness of the Organization'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 financial 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 Career Path Services as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other matter***

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 statement as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2016, on our consideration of Career Path Services' internal control over financial reporting and our tests of its compliance with certain provisions, 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 Career Path Services' internal control over financial reporting and compliance.

*Schowel + Schowel CPAs PLLC*

Spokane, Washington  
October 7, 2016

CAREER PATH SERVICES  
Spokane County, Washington

STATEMENT OF FINANCIAL POSITION  
As of June 30, 2016

	<u>A S S E T S</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CURRENT ASSETS:</b>			
Cash - non interest bearing	\$ 1,878,284.95	\$ -	\$ 1,878,284.95
Cash investments	931,774.38	-	931,774.38
Trust reserve account	66,202.94	-	66,202.94
Total cash	<u>2,876,262.27</u>	<u>-</u>	<u>2,876,262.27</u>
Grants and accounts receivable	496,740.13	1,062,173.48	1,558,913.61
Interfund receivable	630,313.65	-	630,313.65
Prepaid expenses	80,603.26	-	80,603.26
Total current assets	<u>4,083,919.31</u>	<u>1,062,173.48</u>	<u>5,146,092.79</u>
<b>PROPERTY AND EQUIPMENT:</b>			
Land, building and equipment	280,795.40	-	280,795.40
Less: Accumulated depreciation	<u>(222,136.17)</u>	<u>-</u>	<u>(222,136.17)</u>
Net land, building and equipment	<u>58,659.23</u>	<u>-</u>	<u>58,659.23</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,142,578.54</u></u>	<u><u>\$ 1,062,173.48</u></u>	<u><u>\$ 5,204,752.02</u></u>
 <u>L I A B I L I T I E S   A N D   N E T   A S S E T S</u>  			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 74,138.23	\$ 79,038.90	\$ 153,177.13
Wages and taxes payable	250,775.69	125,342.09	376,117.78
Compensated absences payable	287,697.21	96,900.09	384,597.30
Unearned revenue	-	231,373.39	231,373.39
Unemployment liability	84,015.75	-	84,015.75
Interfund payable	-	630,313.65	630,313.65
Total current liabilities	<u>696,626.88</u>	<u>1,162,968.12</u>	<u>1,859,595.00</u>
<b>LONG TERM DEBT</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS (DEFICIT)</b>	<u>3,445,951.66</u>	<u>(100,794.64)</u>	<u>3,345,157.02</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 4,142,578.54</u></u>	<u><u>\$ 1,062,173.48</u></u>	<u><u>\$ 5,204,752.02</u></u>

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

CAREER PATH SERVICES  
Spokane County, Washington

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the fiscal year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES:</b>			
Grant receipts and contract earnings	\$ 7,052,818.54	\$ 4,802,185.48	\$ 11,855,004.02
Interest income	3,423.13	-	3,423.13
Other revenues	4,529.59	-	4,529.59
Interfund revenues	41,392.91	-	41,392.91
Total revenues	<u>7,102,164.17</u>	<u>4,802,185.48</u>	<u>11,904,349.65</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>			
Satisfaction of restrictions and designations	<u>4,815,579.11</u>	<u>(4,815,579.11)</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Program services:			
Salaries & Wages	4,740,273.59	-	4,740,273.59
Fringe Benefits	2,160,835.67	-	2,160,835.67
Local Travel Expense	104,680.34	-	104,680.34
Out of County Travel/PerDiem	123,014.84	-	123,014.84
Staff Training Expense	82,676.37	-	82,676.37
Equipment Expense	90,176.35	-	90,176.35
Depreciation	39,750.40	-	39,750.40
Interest	649.13	-	649.13
Office Supplies	68,024.82	-	68,024.82
Classroom Books, Software, Supplies	657.86	-	657.86
Small tools and minor equipment	162.93	-	162.93
Comm. Access Outings	1,153.39	-	1,153.39
Contracted Services - other	2,250.00	-	2,250.00
Legal & Audit Fees	16,530.01	-	16,530.01
Interpreter Services	6,710.79	-	6,710.79
License/Permit Expense	17,298.01	-	17,298.01
Van Operating Expense	4,128.92	-	4,128.92
Communications	102,831.72	-	102,831.72
Building Rent & Utilities	381,668.10	-	381,668.10
Sub-contractor Payments	302,665.51	-	302,665.51
Insurance Expense	27,477.35	-	27,477.35
Advertising Expense	10,136.76	-	10,136.76
Miscellaneous Expense	52,338.84	-	52,338.84
OJT Expense	219,977.93	-	219,977.93
Vocational Education Expense	54,155.63	-	54,155.63
ITA Accounts	624,629.98	-	624,629.98
Client Wage Expense	2,299,199.79	-	2,299,199.79
Support Services Expense	703,600.88	-	703,600.88
Total expenditures	<u>12,237,655.91</u>	<u>-</u>	<u>12,237,655.91</u>
<b>CHANGE IN NET ASSETS</b>	<b>(319,912.63)</b>	<b>(13,393.63)</b>	<b>(333,306.26)</b>
<b>NET ASSETS (DEFICIT) - Beginning of year</b>	<u>3,765,864.29</u>	<u>(87,401.01)</u>	<u>3,678,463.28</u>
<b>NET ASSETS (DEFICIT) - End of year</b>	<u>\$ 3,445,951.66</u>	<u>\$ (100,794.64)</u>	<u>\$ 3,345,157.02</u>

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

CAREER PATH SERVICES  
Spokane County, Washington

STATEMENT OF CASH FLOWS  
For the fiscal year ended June 30, 2016

	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Excess of revenues over expenditures:	\$ (333,306.26)
Adjustments to reconcile excess revenues over expenditures to net cash provided by operating activities:	
Depreciation	39,750.40
(Increase) decrease in grants and other receivable	(109,973.37)
(Increase) decrease in prepaid expenses	46,260.57
Increase (decrease) in accounts payable, payroll payable, payroll taxes payable	(58,544.32)
Increase (decrease) in accrued compensated absences	(39,813.05)
Increase (decrease) in unearned revenue	(21,800.57)
Net cash flows from (used by) operating activities	(477,426.60)
 <b>CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES:</b>	
Purchase of fixed assets	(32,571.10)
 <b>CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES:</b>	-
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(509,997.70)
 <b>CASH AND CASH EQUIVALENTS - Beginning of period</b>	3,386,259.97
 <b>CASH AND CASH EQUIVALENTS - End of period</b>	\$ 2,876,262.27
 <b>OTHER INFORMATION:</b>	
Interest paid in cash	\$ 649.13
Income taxes paid in cash	\$ -

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

CAREER PATH SERVICES  
Spokane, Washington

Notes to Financial Statements  
2016  
(Fiscal Year 2016 / Program Year 2015)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS:

Organization - Career Path Services was incorporated on May 17, 1982 under Internal Revenue Service Code Section 501(C)(3), and operates under the laws of the State of Washington applicable to a non-profit corporation.

Business Activity - Career Path Services, a private non-profit corporation, provides workforce development services to individuals and employers in Washington State. Career Path Services is a comprehensive, multi-option workforce development, remedial education, job training and job placement agency serving individuals and employers in Washington State. Target populations include the difficult to serve, high school dropouts, public assistance recipients, minorities, pregnant teens and teen parents, disadvantaged adults, dislocated workers, persons with disabilities, veterans and others. Funding is primarily from governmental grants and contracts.

Headquartered in Spokane, Career Path Services has 21 locations serving 11 counties in Washington State: Spokane, Benton Franklin, Stevens, Ferry, Okanogan, King, Pierce Grays Harbor, Lewis, Mason, Pacific and Thurston.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The summary of significant accounting policies of Career Path Services is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation - In accordance with generally accepted accounting principles, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: (a) unrestricted net assets; (b) temporarily restricted net assets; and (c) permanently restricted net assets.

The agency's unrestricted net assets are further classified for display into several categories. See also Note 3. Net assets of the two restricted classes are created only by grantor or donor-imposed restrictions on their use. All other net assets, including any board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. At June 30, 2016 there are no permanently restricted net assets.

Accounting Method - The accounting and reporting policies of Career Path Services conform to generally accepted accounting principles for non-profit organizations. Under the full accrual basis of accounting revenues are recognized when earned, if measurable, and expenses are recognized when incurred, if measurable. The full accrual basis of accounting is used for all funds. Purchase of capital assets from temporarily restricted funds are considered expenditures because the grantor agency retains title to the assets.



CAREER PATH SERVICES  
Spokane, Washington

Notes to Financial Statements  
2016  
(Fiscal Year 2016 / Program Year 2015)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents - The organization considers all highly liquid securities with a maturity of three or less months to be cash equivalents.

Investments - Investments are reflected pursuant to FASB ASC 820-10 at fair market value.

Fair Value Measurements - FSAB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). FSAB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels for disclosure purposes. The level in the fair value hierarchy is based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and gives the lowest priority (Level 3) to unobservable inputs. An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. (See Note 7.)

Fair Value of Financial Instruments - The carrying value of the Association's grants receivable, deposits, accounts payable, accrued liabilities, and deferred revenue payable approximates fair value because of the short-term maturity of those instruments.

Cash Investments - Cash investments are held in money market accounts or certificates of deposit.

Receivables / Accrued and Deferred Revenue - Grants and accounts receivable are amounts due from city, county, state or federal governmental units. Management has determined the allowance for doubtful accounts should be set at zero. The organization may have various programs where funds have been expended which exceed the grants received to date. For these programs, the organization records an accrued grant receivable. Conversely, where the grant's revenue exceeds the current expenditures, the balance is regarded as unearned revenue for continuing grants, and a payable to the funding entity for terminating grants. As of June 30, 2016, accounts receivable over 90 days amounts to \$3,525.

Property and Equipment - Property and equipment are stated at cost. Purchases of property and equipment from grant funds are recorded as expenditures. The organization capitalizes all expenditures for property and equipment with a purchase price of \$500 or more, which has a useful life of more than one year and for which the organization retains title. Depreciation is provided over the estimated useful life of the respective assets on a straight line basis.

CAREER PATH SERVICES  
Spokane, Washington

Notes to Financial Statements  
2016  
(Fiscal Year 2016 / Program Year 2015)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Grants - Grant revenues are recognized in the accounting period in which they become both measurable and available and in which the organization has met all eligibility requirements. When expenditure is the prime factor for determining eligibility, the revenue is recognized when the expenditure is made.

Functional and Indirect Expenses - Expenses charged to each program are based upon direct expenditures incurred. Any program expenditures not directly charged are allocated to a program based upon an allocation plan. The allocation plan allocates expenses based upon the respective relationships to salaries, activities, and space requirements.

In Kind Support and Expense - The organization may be required to meet certain matching requirements for a specific grant. These matching contributions are made either through cash donations or donated goods and services. The portion that is represented by donated labor, professional services, use of buildings and equipment, and materials is recorded as in kind support for revenue and expense purposes. In kind support is valued at its local fair market value.

Career Path Services values donated labor based on the criteria established by its grantor sources for such services. This definition is broader in scope than that comprehended by generally accepted accounting principles that generally restricts the recognition of donated labor to professional and technical services. No in-kind support or expenses are included in these statements.

Federal Income Taxes - The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3), accordingly, no provision has been made in these statements for income taxes.

Date of Management's Review - Management has considered subsequent events through October 7, 2016, the date the financial statements were available to be issued.

NOTE 3 - NET ASSETS:

The net assets of the organization are defined on the basis of generally accepted accounting principles. Each fund of net assets is considered a separate accounting entity with each grant or program accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures or expenses, as appropriate. The organization's resources are allocated to and accounted for in individual net assets funds depending on the nature of the program or expenditures thereunder, and the degree of control by the organization. The individual net asset funds are summarized by type in the financial statements. The following are the two net asset types used by the organization.

CAREER PATH SERVICES  
Spokane, Washington

Notes to Financial Statements  
June 30, 2016  
(Fiscal Year June 30, 2016 / Program Year 2015)

NOTE 3 - NET ASSETS (Continued):

Unrestricted Net Assets - Net assets that are not subject to grantor or donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to grantor or donor-imposed stipulations that may or will be met, either by actions of the agency and/or the passage of time. When grant funds are expended, the restriction expires, and the expenditure is reported in the statement of activities as an expenditure of temporarily restricted funds. All cost reimbursement grants are included in this category.

NOTE 4 - STEWARDSHIP AND ACCOUNTABILITY:

Career Path Services utilizes policies and procedures to ensure that grant revenues are not misused or overexpended. Article XI of the bylaws state that all expenditures are approved individually or by budget by the Board of Directors. Career Path Services management used budget/actual comparisons to assure compliance with grantor requirements.

NOTE 5 - GOVERNMENTAL GRANTS AND ENTITLEMENTS:

The accompanying Schedule of Financial Assistance lists all federal assistance programs in which Career Path Services participates and summarizes the agency's federally funded grant transactions for fiscal year 2016 (program year 2015).

NOTE 6 - INVESTMENTS:

All investments held at June 30, 2016 are cash investments, and are stated at cost plus accrued interest which equals the market value. Cash investments are composed of the following:

The Commercial Market Account through Washington Trust Bank:

Balance at 7/1/15	\$ 2,930,514.57
Interest earned	1,259.81
Net transfer out	<u>2,000,000.00</u>
Balance at 6/30/16	<u>\$ 931,774.38</u>

The accounts are insured by the F.D.I.C. to \$250,000. To the extent that the balances may exceed that limit, the balance is uninsured.

The 501(c) Agency Trust Account Reserve account balance as of June 30, 2016 is \$66,202.94. Allocated share of interest earned during the fiscal year was \$2,163.22.

CAREER PATH SERVICES  
Spokane, Washington

Notes to Financial Statements  
June 30, 2016  
(Fiscal Year June 30, 2016 / Program Year 2015)

NOTE 7 - FAIR VALUE HIERARCHY:

FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels for disclosure purposes. The level in the fair value hierarchy is based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and gives the lowest priority (Level 3) to unobservable inputs. An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation.

Assets at June 30, 2016:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable securities and Mutual funds	\$ 931,774	\$ -	\$ -	\$ 931,774
Total	<u>\$ 931,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 931,774</u>

NOTE 8 - FIXED ASSETS:

Fixed assets purchased with restricted funds are owned by the grantor agency and recorded as expenditures by Career Path Services. As of June 30, 2016, Career Path Services has custodial responsibility for the following fixed assets:

Office equipment and furniture      \$ 45,216.70 (Spokane WIOA)

Fixed assets purchased with unrestricted funds are capitalized if (a) acquisition cost is in excess of \$500.00, and (b) the asset has a useful life of one year or more. Assets owned by Career Path Services are recorded in the Land, Building and Equipment Fund. The following sets forth the balance of fixed assets to which Career Path Services maintains title at June 30, 2016:

Land, building and equipment	\$ 280,795.40
Less: Accumulated depreciation	<u>(222,136.17)</u>
	<u>\$ 58,659.23</u>

Depreciation for the year ended June 30, 2016 amounted to \$39,750.40.

NOTE 9 - ACCUMULATED EMPLOYEE LEAVE BENEFITS:

Career Path Services accrues all accumulated unused vacation leave. The expense is accrued when incurred and the liability is recognized. Vacation pay, which may be accumulated up to 240 hours, is payable upon resignation, retirement or death. As of July 1, 2016, sick leave may accumulate up to 520 hours, with employees leaving employment after 10 or more years eligible to receive a payout of 25% of accrued sick leave. For employees with over 520 hours of sick leave at July 1, 2016, additional sick leave will not be accrued until their balance falls below 520 hours.

CAREER PATH SERVICES  
Spokane, Washington

Notes to Financial Statements  
June 30, 2016  
(Fiscal Year June 30, 2016 / Program Year 2015)

NOTE 9 - ACCUMULATED EMPLOYEE LEAVE BENEFITS (Continued):

Those employees with over 520 hours of sick leave as of July 1, 2016, are grandfathered for the purpose of eligibility for the 25% of sick leave payout when leaving in good standing after at least 10 years of employment. The amount accrued for vacation and sick leave is \$384,597.30, as of June 30, 2016.

NOTE 10 - PENSION PLANS:

Career Path Services has a 403(b)(7) plan covering all personnel after meeting eligibility requirements by working at least 1,000 hours in a fiscal year and completing 12 months of service. The Board of Directors annually determines the organizational contribution prior to the beginning of the new fiscal year.

The contribution through June 30, 2016, equals fifteen percent (15%) of each eligible employee's gross wages into 403(b)(7) accounts managed by DA Davidson. Beginning July 1, 2016, contributions were two-tiered at either 7% or 10%, based on hire date and length of employment. Senior Managers have an additional C Class Retirement Plan, consisting of additional contributions to the 403(b)(7) plan, and a 457(b) plan as required to meet the contributions as calculated by the TPA, Randall and Hurley. Pension expense for Fiscal Year 2016 is:

Restricted funds pension expense	\$ 272,050.11
Unrestricted funds pension expense	<u>384,600.38</u>
Total pension expense	<u>\$ 656,650.49</u>

NOTE 11 - LEASED OFFICE SPACE:

As of June 30, 2016, the organization leases office space in the areas listed below. Office space rental in all other locations is on a month to month basis.

Lease terms are as follows:

<u>City</u>	<u>Monthly Rent</u>	<u>Expiration</u>
Spokane-Peyton	\$ 8,791 as of 04/01/16	03/31/2020
Spokane-DSHS	\$ 3,736 as of 04/01/15	08/31/2020
Auburn	\$ 160 as of 09/01/15	08/31/2020
Kent	\$ 680 as of 06/01/15	08/31/2016
Ranier	\$ 280 as of 09/01/14	08/31/2019
Renton	\$ 690 as of 04/01/15	05/31/2019
White Center	\$ 390 as of 04/01/15	06/30/2019
Lakewood	\$ 1,593 as of 09/01/13	08/31/2016
Tacoma - Cedar	\$ 13,200 as of 07/01/16	09/30/2018

All office space leases are currently accounted for as operating leases.

CAREER PATH SERVICES  
Spokane, Washington

Notes to Financial Statements  
2016  
(Fiscal Year 2016 / Program Year 2015)

NOTE 11 - LEASED OFFICE SPACE (Continued):

Future minimum lease commitments are as follows:

Year ended June 30, 2017	\$ 348,048
2018	340,417
2019	217,141
2020	133,767
2021	7,792

NOTE 12 - CONTINGENCIES AND LITIGATION:

The agency's policy is to record in its financial statements all known material liabilities, including (when appropriate) an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the agency will have to make payment. In the opinion of management, the agency's insurance policies and reserves are adequate to pay all known or pending claims.

The agency participates in a number of federal and state assisted programs. These grants are subject to audit by grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Agency management believes that such disallowances, if any, will be immaterial.

NOTE 13 - RISK MANAGEMENT:

The agency maintains insurance against most normal hazards. Management annually discusses risk management with a representative of the Fidelity Associates Insurance Company. General liability limits are \$2 million per occurrence, Commercial Automobile \$1 million per occurrence, Directors and Officers Liability \$1 million per occurrence, Professional Liability \$1 million per occurrence, Cyber Security \$1 million per occurrence, plus a \$2 million umbrella policy.

NOTE 14 - CONCENTRATION OF RISK:

The organization's funds, comprised of cash and equivalents and investments, are located in various institutions. At times, the amount on deposit in one institution exceeds the \$250,000 federally insured limit.

NOTE 15 - COMMITMENTS AND CONTINGENCIES:

The Association is self-insured for unemployment compensation for potential unemployment claims in accrued payroll and related expenses. Should the amount of the funding change significantly and employees are laid off, the amount of liability to the Association may exceed the liability calculated at June 30, 2016. Any potential liability cannot be determined or estimated at June 30, 2016.

SUPPLEMENTAL DISCLOSURE

CAREER PATH SERVICES  
Spokane, Washington

COMBINING SCHEDULE OF FUNCTIONAL EXPENSE AND CHANGES IN NET ASSETS  
For the fiscal year ended June 30, 2016

	Temporarily Restricted										SP WS FY2015 Opportunity Pr	SP WS FY15 Sector NEG	JP Morgan Class Funds	
	WIA Adult	WIA Youth	WIA Dislocated Workers	WIA RRAA LT Unempl	SP Jobs-NEG PY 14	DOL-AIR WA 2014-2015	Health E Workforce Funds 3	SP-Youth Works	SP WS FY2015 Opportunity Pr	SP WS FY15 Sector NEG				JP Morgan Class Funds
<b>REVENUES:</b>														
Grant/Contract Receipts	\$ 650,248.47	\$ 534,194.89	\$ 489,306.34	\$ 101,240.30	\$ 160,294.78	\$ 22,273.41	\$ 30,375.74	\$ 31,395.21	\$ 40,000.00	\$ 73,105.80	\$ 22,616.52			
Interest Income	-	-	-	-	-	-	-	-	-	-	-			
Other Revenues	-	-	-	-	-	-	-	-	-	-	-			
Group Incentorial Contract Revenues	-	-	-	-	-	-	-	-	-	-	-			
Interfund Revenues	-	-	-	-	-	-	-	-	-	-	-			
Total revenues and other support	650,248.47	534,194.89	489,306.34	101,240.30	160,294.78	22,273.41	30,375.74	31,395.21	40,000.00	73,105.80	22,616.52			
<b>EXPENSES:</b>														
Salaries & Wages	215,736.00	181,735.30	191,532.61	33,872.93	54,843.16	14,932.78	16,903.61	2,984.76	23,713.29	30,617.80	2,486.74			
Fringe Benefits	92,106.17	73,381.92	79,155.65	13,936.55	20,760.00	6,375.67	7,641.23	2,157.23	9,952.73	9,475.43	1,460.68			
Local Travel Expense	2,270.51	1,990.72	1,422.63	68.77	348.32	136.39	897.37	98.44	693.33	233.19	0.57			
Out of County Travel/PerDiem	1,162.92	798.85	1,159.26	90.14	321.10	39.40	71.23	68.10	167.68	172.91	5.45			
Staff Training Expense	2,412.88	2,612.67	2,094.87	280.23	454.87	151.10	184.40	97.25	243.88	171.25	7.27			
Equipment Expense	1,820.33	3,369.09	2,151.23	290.71	562.68	112.49	127.21	88.84	648.74	242.58	29.36			
Office Supplies	2,016.67	7,357.12	1,783.21	148.61	434.85	72.23	98.75	1,159.32	171.17	366.12	6.97			
Classroom Books, Software, Supplies	55.89	-	-	-	-	-	-	-	-	-	-			
Equipment Maintenance	-	-	-	-	-	-	-	-	-	-	-			
Contracted Services - other	-	-	-	-	-	-	-	-	-	-	-			
Legal & Audit Fees	1,630.68	1,405.08	1,253.39	746.30	1.95	-	299.36	126.62	194.99	2.47	-			
License/Permit Expense	94.64	65.12	82.84	4.63	33.33	-	2.28	0.18	20.19	18.00	-			
Communications	3,465.69	2,907.47	3,103.44	354.88	795.03	224.04	281.04	69.17	349.93	406.72	70.85			
Building Rent & Utilities	36,895.85	9,338.16	33,098.81	4,767.89	8,145.65	155.89	3,649.48	431.67	3,626.11	6,055.69	20.61			
Insurance Expense	791.58	649.78	695.40	123.74	194.22	64.30	73.34	10.74	88.11	109.21	11.88			
Advertising Expense	346.70	138.30	331.94	117.94	38.18	9.12	9.46	0.50	118.65	292.25	0.14			
Board of Directors Meetings	951.33	412.00	632.60	184.45	100.05	-	156.98	-	11.20	-	-			
Miscellaneous Expense	54,443.02	13,382.50	36,595.03	33,975.03	23,076.36	-	-	2,353.90	-	3,052.50	-			
OTI Expense	-	43,111.03	-	-	-	-	-	11,044.60	-	-	-			
Vocational Education Expense	100,860.80	129,479.03	76,232.11	-	47,472.00	-	-	9,965.44	-	19,503.36	-			
ITA Accounts	39,808.27	-	48,188.82	-	2,713.03	-	-	738.45	-	1,986.32	-			
Client Wage Expense	93,378.54	61,860.75	48,188.82	-	2,713.03	-	-	-	-	-	-			
Support Services Expense	-	-	-	-	-	-	-	-	-	-	-			
Total expenses	650,248.47	534,194.89	489,306.34	101,240.30	160,294.78	22,273.41	30,375.74	31,395.21	40,000.00	73,105.80	22,616.52			
<b>CHANGE IN NET ASSETS</b>														
NET ASSETS - Beginning of year	-	-	-	-	-	-	-	-	-	-	-			
TRANSFERS BETWEEN FUNDS	-	-	-	-	-	-	-	-	-	-	-			
NET ASSETS - End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			



CAREER PATH SERVICES  
Spokane, Washington

COMBINING SCHEDULE OF FUNCTIONAL EXPENSE AND CHANGES IN NET ASSETS  
For the fiscal year ended June 30, 2016

	Temporarily Restricted										
	SP WS FY15 RISE Business Navigator	SP FY15 SECC WF	JP Morgan Chase NGZ	WYFF - Building Bridges	SP LNI DOL FY15-20	NON-WIA Staff	Benton Franklin Youthworks	WIA Youth Benton Franklin	Guest Services Benton Franklin	WIA Adult Benton Franklin	WIA RRLTU Benton Franklin
<b>REVENUES:</b>											
Grant/Contract Receipts	\$ 66,519.11	\$ 27,000.00	\$ 11,572.00	\$ 33,666.84	\$ 5,203.32	\$ 2,376.68	\$ 29,101.82	\$ 433,131.33	\$ 330,607.00	\$ 552,111.27	\$ 27,338.94
Interest Income	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-	-	-
Group Janitorial Contract Revenues	-	-	-	-	-	-	-	-	-	-	-
Interfund Revenues	-	-	-	-	-	-	-	-	-	-	-
Total revenues and other support	66,519.11	27,000.00	11,572.00	33,666.84	5,203.32	2,376.68	29,101.82	433,131.33	330,607.00	552,111.27	27,338.94
<b>EXPENSES:</b>											
Salaries & Wages	39,320.45	16,423.17	1,883.88	19,350.13	3,279.99	1,883.93	13,576.54	176,525.76	220,529.73	216,765.67	8,898.90
Fringe Benefits	16,493.54	7,205.75	750.50	8,588.45	1,214.94	603.97	6,105.11	77,099.32	97,999.19	79,753.75	3,459.16
Local Travel Expense	267.45	284.52	17.58	719.69	43.07	0.67	58.28	1,624.32	2,047.57	2,047.57	78.76
Out of County Travel/PerDiem	530.62	41.64	18.43	93.47	(9.45)	1.51	275.92	2,867.82	1,604.40	4,468.67	232.05
Staff Training Expense	429.84	95.85	20.38	18.05	4.96	4.65	337.40	3,238.47	4,387.43	4,359.17	580.03
Equipment Expense	319.95	137.71	10.62	254.90	32.63	10.88	181.65	2,328.64	1,576.98	2,291.16	110.50
Office Supplies	357.24	196.59	23.15	481.58	66.89	14.85	131.90	1,911.38	1,642.95	2,287.82	59.77
Classroom Books, Software, Supplies	-	-	-	-	-	-	-	595.00	-	-	-
Equipment Maintenance	-	-	-	-	-	-	-	-	-	-	-
Contracted Services - other	-	-	-	-	-	-	15.20	1,271.12	10.73	1,194.13	429.65
Legal & Audit Fees	2.54	-	0.13	-	-	-	12.15	188.97	244.02	244.02	0.65
License/Permit Expense	19.90	5.82	0.84	21.21	0.23	0.03	245.16	2,869.94	3,905.29	3,678.94	167.51
Communications	565.15	245.08	30.56	397.72	37.98	9.91	394.90	3,771.39	2,868.56	4,668.22	163.37
Building Rent & Utilities	7,944.49	3,208.54	502.43	599.08	515.14	106.08	95.78	1,049.56	918.64	1,302.27	61.05
Insurance Expense	157.09	69.05	4.29	94.17	13.58	6.31	11.99	183.48	262.80	221.89	3.62
Advertising Expense	93.72	27.18	1.37	75.75	3.34	0.65	-	-	-	-	-
Board of Directors Meetings	-	-	-	-	-	(266.76)	22.78	617.44	(5,556.62)	867.33	25.13
Miscellaneous Expense	17.13	(940.90)	(230.70)	83.47	-	-	-	11,321.72	17,463.94	17,463.94	5,147.50
OJT Expense	-	-	-	-	-	-	-	-	-	-	-
Vocational Education Expense	-	-	-	-	-	-	-	55,106.40	-	146,487.47	5,705.33
ITA Accounts	-	-	-	-	-	-	6,453.81	68,667.09	-	18,428.66	506.25
Client Wage Expense	-	-	-	1,072.49	-	-	1,243.25	21,893.51	-	45,580.59	1,709.71
Support Services Expense	-	-	8,538.54	1,816.68	-	-	-	-	-	-	-
Total expenses	66,519.11	27,000.00	11,572.00	33,666.84	5,203.32	2,376.68	29,101.82	433,131.33	330,607.00	552,111.27	27,338.94
<b>CHANGE IN NET ASSETS</b>											
NET ASSETS - Beginning of year	-	-	-	-	-	-	-	-	-	-	-
<b>TRANSFERS BETWEEN FUNDS</b>											
NET ASSETS - End of year	-	-	-	-	-	-	-	-	-	-	-

CAREER PATH SERVICES  
Spokane, Washington

COMBINING SCHEDULE OF FUNCTIONAL EXPENSE AND CHANGES IN NET ASSETS  
For the fiscal year ended June 30, 2016

	WIA JDNEG Benton Franklin	WIA DW Benton Franklin	WIOA Sector NEG Benton Franklin	WIOA Pierce Adult	WIOA Pierce DW	WIOA PACMTN Thrus Co PY15 Ad	WIOA PACMTN Thrus Co PY15 DW	WIOA PACMTN GH PY15 Adult	WIOA PACMTN GH PY15 DW	WIOA PACMTN Lewis FY15 Adult	WIOA PACMTN Lewis FY15 DW
<b>REVENUES:</b>											
Grant/Contract Receipts	\$ 217,604.94	\$ 430,904.12	\$ 29,501.89	\$ 17,062.70	\$ 30,883.11	\$ 8,945.52	\$ 9,591.35	\$ 4,725.63	\$ 4,406.62	\$ 4,427.79	\$ 4,602.35
Interest Income	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-	-	-
Group/Intertorial Contract Revenues	-	-	-	-	-	-	-	-	-	-	-
Intertorial Revenues	-	-	-	-	-	-	-	-	-	-	-
Total revenues and other support	217,604.94	430,904.12	29,501.89	17,062.70	30,883.11	8,945.52	9,591.35	4,725.63	4,406.62	4,427.79	4,602.35
<b>EXPENSES:</b>											
Salaries & Wages	82,829.68	184,674.44	18,205.82	9,976.63	17,870.36	5,614.90	6,026.61	2,966.23	2,766.43	2,779.89	2,888.86
Fringe Benefits	33,557.99	72,105.40	7,506.81	3,099.85	5,646.24	1,518.75	1,628.22	802.28	747.88	751.37	781.33
Local Travel Expense	500.76	1,708.13	30.66	682.50	1,267.40	388.37	416.54	205.20	191.51	192.50	199.85
Out of County Travel/PerDiem	1,336.98	3,374.46	191.04	2,273.05	4,220.06	1,162.92	1,247.28	614.44	573.39	576.36	598.39
Staff Training Expense	3,247.01	8,212.31	1,062.83	16.62	30.17	5.69	5.44	2.69	2.48	2.48	2.62
Equipment Expense	1,003.59	1,786.47	183.02	76.92	136.42	34.23	36.56	18.05	16.67	16.67	17.58
Office Supplies	856.32	1,719.68	209.18	388.24	708.63	73.28	78.49	38.69	35.99	36.12	37.68
Classroom Books, Software, Supplies	-	-	-	-	-	-	-	-	-	-	-
Equipment Maintenance	-	-	-	-	-	-	-	-	-	-	-
Contracted Services - other	228.40	1,528.94	0.75	0.52	0.93	0.30	0.32	0.16	0.14	0.14	0.15
Legal & Audit Fees	60.77	76.66	17.24	138.31	255.34	57.60	61.74	30.42	28.31	28.44	29.64
Licenses/Permit Expense	1,414.28	2,985.71	293.48	132.30	235.30	74.74	79.78	39.38	36.36	36.36	38.38
Communications	1,909.56	3,478.05	312.29	26.04	45.62	14.18	15.14	7.48	6.90	6.90	7.28
Building Rent & Utilities	532.77	1,043.67	85.13	65.89	121.52	1.16	1.23	0.61	0.56	0.56	0.59
Insurance Expense	91.60	144.47	35.94	-	-	-	-	-	-	-	-
Advertising Expense	-	-	-	-	-	-	-	-	-	-	-
Board of Directors Meetings	137.06	953.21	-	185.83	345.12	-	-	-	-	-	-
Miscellaneous Expenses	11,004.01	7,962.42	-	-	-	-	-	-	-	-	-
OIT Expense	-	-	-	-	-	-	-	-	-	-	-
Vocational Education Expense	60,374.84	112,887.67	-	-	-	-	-	-	-	-	-
ITA Accounts	7,204.44	3,555.99	-	-	-	-	-	-	-	-	-
Client Wage Expense	10,914.88	22,706.44	1,367.70	-	-	-	-	-	-	-	-
Support Services Expense	-	-	-	-	-	-	-	-	-	-	-
Total expenses	217,604.94	430,904.12	29,501.89	17,062.70	30,883.11	8,945.52	9,591.35	4,725.63	4,406.62	4,427.79	4,602.35
<b>CHANGE IN NET ASSETS</b>											
NET ASSETS - Beginning of year	-	-	-	-	-	-	-	-	-	-	-
TRANSFERS BETWEEN FUNDS	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS - End of year	-	-	-	-	-	-	-	-	-	-	-

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

CAREER PATH SERVICES  
Spokane, Washington

COMBINING SCHEDULE OF FUNCTIONAL EXPENSE AND CHANGES IN NET ASSETS  
For the fiscal year ended June 30, 2016

	WIOA PACMTN Mason FY15 Adult	WIOA PACMTN Mason FY15 DW	WIOA PACMTN Pacific FY15 Ad.	WIOA PACMTN Pacific FY15 DW	BPEP Basic Food & Empl Training	RISE Res to Initiate Empl	LEAP	OTHER TEMP. FUND	TOTAL
<b>REVENUES:</b>									
Grant/Contract Receipts	\$ 3,374.26	\$ 2,987.69	\$ 1,334.39	\$ 1,304.58	\$ 2,490.00	\$ 219,438.33	\$ 134,920.44	\$ -	\$ 4,802,185.48
Interest Income	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-
Group Janitorial Contract Revenues	-	-	-	-	-	-	-	-	-
Interfund Revenues	-	-	-	-	-	-	-	-	-
Total revenues and other support	<u>3,374.26</u>	<u>2,987.69</u>	<u>1,334.39</u>	<u>1,304.58</u>	<u>2,490.00</u>	<u>219,438.33</u>	<u>134,920.44</u>	<u>-</u>	<u>4,802,185.48</u>
<b>EXPENSES:</b>									
Salaries & Wages	2,117.85	1,874.98	837.60	818.74	3,411.15	146,077.05	50,025.53	-	2,029,657.88
Fringe Benefits	572.93	507.42	226.54	221.58	1,649.76	57,066.93	22,567.48	13,393.63	840,829.33
Local Travel Expense	146.45	129.58	57.94	56.55	72.36	2,776.97	1,368.05	-	23,951.41
Out of County Travel/PerDiem	438.55	388.05	173.54	169.29	147.87	4,538.73	1,783.38	-	37,989.92
Staff Training Expense	1.93	1.73	0.75	0.75	355.72	1,243.03	964.83	-	37,345.38
Equipment Expense	12.95	11.57	5.09	5.09	37.15	1,478.78	859.34	-	22,435.03
Office Supplies	27.66	24.54	10.92	10.74	41.87	1,172.46	743.92	-	26,996.38
Classroom Books, Software, Supplies	-	-	-	-	-	-	-	-	657.86
Equipment Maintenance	-	-	-	-	-	-	-	-	-
Contracted Services - other	-	-	-	-	-	7.49	86.93	-	10,436.85
Legal & Audit Fees	-	-	-	-	-	74.10	34.41	-	1,182.00
License/Permit Expense	0.11	0.10	0.04	0.04	1.86	3,391.72	1,395.49	-	34,418.70
Communications	21.74	19.28	8.59	8.42	70.69	11,991.43	3,628.60	-	153,058.70
Building Rent & Utilities	28.28	25.25	11.11	11.11	122.41	516.20	319.00	-	9,239.90
Insurance Expense	5.37	4.80	2.10	2.10	15.13	295.19	61.36	-	3,118.80
Advertising Expense	0.44	0.39	0.17	0.17	7.98	-	-	-	-
Board of Directors Meetings	-	-	-	-	(3,541.35)	(16,232.68)	54.73	-	(21,031.17)
Miscellaneous Expenses	-	-	-	-	-	-	-	-	219,977.93
OJT Expense	-	-	-	-	-	-	-	-	54,155.63
Vocational Education Expense	-	-	-	-	-	374.07	17,285.18	-	624,629.98
ITA Accounts	-	-	-	-	-	4,666.86	33,340.21	-	325,270.72
Client Wage Expense	-	-	-	-	97.40	-	-	-	381,237.68
Support Services Expense	-	-	-	-	2,490.00	219,438.33	134,920.44	13,393.63	4,815,579.11
Total expenses	<u>3,374.26</u>	<u>2,987.69</u>	<u>1,334.39</u>	<u>1,304.58</u>	<u>2,490.00</u>	<u>219,438.33</u>	<u>134,920.44</u>	<u>(13,393.63)</u>	<u>(13,393.63)</u>
CHANGE IN NET ASSETS	-	-	-	-	-	-	-	(13,393.63)	(13,393.63)
NET ASSETS - Beginning of year	-	-	-	-	-	-	-	(87,401.01)	(87,401.01)
TRANSFERS BETWEEN FUNDS	-	-	-	-	-	-	-	-	-
NET ASSETS - End of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (100,794.64)</u>	<u>\$ (100,794.64)</u>

CARBEE PATH SERVICES  
Spokane, Washington

COMBINING SCHEDULE OF FUNCTIONAL EXPENSE AND CHANGES IN NET ASSETS  
For the fiscal year ended June 30, 2016

EXPENSES:	Unrestricted											CARBEE PATH RESERVE	OTHER	TOTAL					
	STEVENS & FERRY COLDD	OKANOGAN COLDD	SPOKANE COLDD	FEE FOR SVC OPERATIONS	COMMERCE-LTA GRANT	COMMERCE-Eastern Washington	COMMERCE-Spokane County	COMMERCE-South Okan County	COMMERCE-South King County JEP	COMMERCE-Sentinel, Kootenai County	COMMERCE-Central King County JEP				COMMERCE-Prince George's County Lakeside	COMMERCE-Prince George's County Puyallup			
REVENUES:																			
Grant/Contract Receipts	\$ 325,530.00	\$ 182,169.80	\$ 296,725.00	\$ 405,303.55	\$ 999.76	\$ 1,991,425.45	\$ 167,273.01	\$ 1,124,589.60	\$ 239,331.55	\$ 1,162,486.15	\$ 668,449.97	\$ 335,283.75	\$ 3,433.13	\$ -	\$ -	\$ -	\$ -	\$ 7,052,818.54	
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	4,539.59	-	-	-	-	4,539.59	
Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-	41,929.91	-	-	-	-	41,929.91	
Interfund Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenues and other support	325,530.00	182,169.80	296,725.00	405,303.55	999.76	1,991,425.45	167,273.01	1,124,589.60	239,331.55	1,162,486.15	668,449.97	335,283.75	49,345.63	-	-	-	-	7,072,164.17	
EXPENSES:																			
Salaries & Wages	250,147.19	135,127.51	176,069.81	279,497.85	-	655,983.73	38,652.45	324,666.63	18,442.25	336,577.37	227,708.77	152,881.47	97,507.74	-	-	-	-	2,710,615.71	
Office Supplies	170,117.42	70,352.60	85,837.85	125,244.33	-	329,858.52	24,165.09	157,188.72	18,378.99	173,441.50	104,239.94	65,080.93	80,482.66	-	-	-	-	1,202,006.34	
Travel	17,469.26	16,011.37	16,563.43	9,039.92	-	10,504.93	473.03	6,979.53	74.49	3,309.42	2,361.85	1,330.22	2,480.86	-	-	-	-	80,738.95	
Out of County Travel/Per Diem	2,947.27	1,638.73	1,492.88	5,433.91	-	4,515.68	297.43	14,135.38	1,292.26	10,019.93	10,078.37	6,954.54	26,229.02	-	-	-	-	85,034.92	
Start/Training	3,745.95	2,088.30	2,453.02	4,160.88	-	5,945.83	318.84	5,427.60	439.75	5,332.50	4,201.31	2,831.65	7,911.29	-	-	-	-	45,330.99	
Equipment Rent	9,085.22	5,342.49	4,308.80	7,745.37	-	14,690.68	1,231.01	7,306.43	1,402.74	8,318.51	4,092.78	2,334.26	817.30	-	-	-	-	67,741.32	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	39,750.40	-	-	-	-	39,750.40	
Interest Expense	3,206.88	2,137.59	2,945.61	4,214.57	-	7,409.86	405.59	4,488.44	355.08	4,929.25	3,742.39	2,833.39	649.13	-	-	-	-	41,028.24	
Office Supplies	85.89	5.00	-	59.52	-	14.52	-	-	-	-	-	-	162.93	-	-	-	-	162.93	
Small Tools & Minor Equipment	188.81	460.58	-	-	-	-	-	-	-	-	-	-	2,250.00	-	-	-	-	2,250.00	
Contracted Services - other	293.47	138.81	199.17	336.99	-	1,167.58	85.62	540.40	116.58	617.14	149.47	372.88	1,488.00	-	-	-	-	6,710.79	
Legal & Audit Fees	3,223.75	1,784.15	2,317.60	6,059.09	-	805.00	568.70	299.43	56.26	348.70	172.89	101.69	13.41	-	-	-	-	16,116.01	
Interpreter Services	3,043.71	64.86	5,783.31	7,214.80	-	34.25	32.29	299.43	56.26	348.70	172.89	101.69	13.41	-	-	-	-	4,128.92	
License/Permit Expense	9,303.13	5,693.02	8,965.84	13,012.34	-	34,800.65	1,322.80	18,260.54	1,344.61	21,703.09	18,923.75	6,677.66	25,138.47	-	-	-	-	68,413.02	
Communications	12,617.52	17,485.89	19,848.48	29,593.41	-	54,800.65	1,322.80	18,260.54	1,344.61	21,703.09	18,923.75	6,677.66	25,138.47	-	-	-	-	228,609.40	
Building Rent & Utilities	2,361.59	612.80	754.91	1,386.99	-	4,499.53	354.00	2,464.76	399.61	2,699.22	1,419.37	827.98	340.33	-	-	-	-	302,665.51	
Sub-contract Payment	300.45	148.84	232.92	371.04	-	956.30	36.25	840.33	15.01	599.81	1,032.97	662.92	1,900.96	-	-	-	-	16,237.45	
Insurance Expense	1,794.27	1,064.79	1,111.15	1,728.00	-	2,123.25	100.34	1,294.84	21.76	1,272.08	873.18	517.23	61,434.25	-	-	-	-	73,370.01	
Advertising Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OT Expense	-	-	-	-	-	613,470.97	80,159.03	382,535.79	103,846.92	465,490.26	170,875.60	78,826.24	1,094.14	-	-	-	-	1,973,939.07	
Client Wage Expense	-	-	-	-	-	118,842.44	8,738.36	76,775.53	10,084.79	39,833.62	27,348.69	13,235.93	660.05	-	-	-	-	323,243.20	
Support Services Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total expenses	439,820.78	260,117.33	313,918.94	492,201.54	-	1,838,646.16	157,171.76	1,092,690.98	254,108.01	1,170,931.76	580,541.04	338,281.31	356,475.54	(49,312.13)	(49,312.13)	(49,312.13)	(49,312.13)	7,422,076.80	
CHANGE IN NET ASSETS	(114,390.78)	(77,947.53)	(17,193.94)	(86,897.99)	999.76	152,779.23	9,555.25	30,728.62	(14,776.46)	(6,445.61)	(85,908.93)	(2,897.56)	(507,129.91)	49,312.13	49,312.13	49,312.13	49,312.13	(319,312.63)	
NET ASSETS - Beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	3,765,864.29	-	-	-	-	3,765,864.29
TRANSFERS BETWEEN FUNDS	114,390.78	77,947.53	17,193.94	86,897.99	(999.76)	(152,779.23)	(9,555.25)	(30,728.62)	14,776.46	6,445.61	(85,908.93)	2,897.56	(12,782.72)	(49,312.13)	(49,312.13)	(49,312.13)	(49,312.13)	-	
NET ASSETS - End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,445,951.66	\$ -	\$ -	\$ -	\$ 3,445,951.66	

Career Path Services

Schedule of Federal Awards  
For the year ended June 30, 2016

Agency or Name of Program	CFDA or Other No.	Name of Contract	Contract I.D. No.	Contract Award	Contract Beginning Balance	Total Current Year Revenue	Total Current Year Expenditures	Passed Thru to Sub-recipients	Unexpended Contract Balance
<b>Federal Assistance Received Directly from a Federal Agency - NONE</b>									
<b>Federal Assistance Received Indirectly from a State Agency or Local Government</b>									
<b>DEPARTMENT OF LABOR</b>									
Passed through Spokane Workforce Development Council									
WIA I-B Adult	17.258	CPS-WIA 7/1/15-6/30/16	1-100-15-011	744,260	744,260	650,248	650,248		94,012
WIA I-B Youth	17.259	CPS-WIA 7/1/15-6/30/16	1-100-15-011	643,334	643,334	534,195	534,195		109,139
WIA I-B Dislocated Worker	17.278	CPS-WIA 7/1/15-6/30/16	1-100-15-011	779,175	779,175	489,306	489,306		289,869
WIA RRLTU	17.278	WIA RRLTU	1-100-14-013	180,472	108,325	101,240	101,240		7,085
Youth Works ESD-DOL-NEG	17.258,17.259,17.278	Youth Works	1-100-15-001	86,232	39,067	31,395	31,395		7,672
				2,433,473	2,314,161	1,806,384	1,806,384		507,777
WIA DOL AIR WA Spokane Community College	17.258-17.260	CPS-COL-AIR WA 2012-2015	1-100-13077	309,299	23,382	22,273	22,273		1,109
				309,299	23,382	22,273	22,273		1,109
CPS Health E Workforce	17.282	CPS-Health E Workforce	1-100-13-085	114,550	33,901	30,376	30,376		3,525
				114,550	33,901	30,376	30,376		3,525
Sector Partnership NEG	17.277	Sector Partnership NEG	1-100-1-5024	388,681	388,681	73,106	73,106		315,575
NEG Job Driven	17.277	NEG Jobs Driven	1-100-14-029	319,777	170,922	160,295	160,295		10,627
				708,458	559,603	233,401	233,401		326,202
LNI Pre-Apprenticeship ESD-DOL	17.268	LNI Pre-Apprenticeship	1-100-16-003	231,024	231,024	5,203	5,203		225,821
				231,024	231,024	5,203	5,203		225,821
Passed through Benton Franklin Workforce Development Council									
WIOA I-B Adult	17.258	BF-WDC Adult	S-PY 15/16-Adult	578,010	578,010	552,111	552,111		25,899
WIOA I-B Youth	17.259	BF-WDC Youth	S-PY 15/16-Youth	456,560	456,560	433,131	433,131		23,429
WIOA I-B Dislocated Worker	17.278	BF-WDC Dislocated Worker	S-PY 15/16-Dislocated Worker	486,795	486,795	430,904	430,904		55,891
WIA RRLTU	17.278	BF-WDC RRLTU	S-PY 14/15-RRLTU	186,745	27,339	27,339	27,339		-
Youth Works ESD-DOL-NEG	17.258,17.259,17.278	BF-WDC Youthworks	S-PY 14/16 Youthworks	61,317	56,037	29,102	29,102		26,935
				1,769,427	1,604,741	1,472,587	1,472,587		132,154
Sector Partnership NEG	17.277	Sector Partnership NEG	1-100-1-5024	295,823	295,823	29,502	29,502		266,321
NEG Job Driven	17.277	BF-WDC NEG Jobs Driven	S-PY 14/16 JDNEG	315,588	233,216	217,006	217,006		16,210
				611,411	529,039	246,508	246,508		282,531
Passed through Pacific Mountain									
WIOA Adult	17.258	WIOA Adult	150-CPSA-PY16-18	807,542	807,542	22,808	22,808		784,734
WIOA Dislocated Worker	17.278	WIOA Dislocated Worker	150-CPSDW-PY16-18	810,606	810,606	22,893	22,893		787,713
				1,618,148	1,618,148	45,701	45,701		1,572,447
Passed through Pierce County									
WIOA CPS Adult	17.258	WIOA Adult	2016-WIOA-AJDW-1019/2019	910,000	910,000	17,063	17,063		892,937
WIOA Dislocated Worker	17.278	WIOA Dislocated Worker	2016-WIOA-AJDW-1019/2019	1,680,000	1,680,000	30,883	30,883		1,649,117
				2,590,000	2,590,000	47,946	47,946		2,542,054
<b>Total Department of Labor</b>				<b>\$10,385,790</b>	<b>\$ 9,503,999</b>	<b>\$ 3,910,379</b>	<b>\$ 3,910,379</b>		<b>\$ 5,593,620</b>

See Independent Auditor's Report

Career Path Services

Schedule of Federal Awards  
For the year ended June 30, 2016

Agency or Name of Program	CFDA or Other No.	Name of Contract	Contract I.D. No.	Contract Award	Contract Beginning Balance	Total Current Year Contract Revenue	Total Current Year Expenditures	Passed Thru to Sub-recipients	Unexpended Contract Balance
<b>DEPARTMENT OF SOCIAL &amp; HEALTH SERVICES</b>									
Passed through DSHS									
Spokane Workforce Development Council	10.596	RISE Business Navigator	1-100-15-017	71,300	71,300	66,519	66,519		4,781
DSHS	10.596	RISE	1512-50108	828,886	828,886	219,438	219,438		609,448
DSHS	10.561	BFET	1512-49953	43,640	43,640	2,490	2,490		41,150
				943,826	943,826	288,447	288,447		655,379
<b>Total Department of Social &amp; Health Services</b>				\$ 943,826	\$ 943,826	\$ 288,447	\$ 288,447	\$ -	\$ 655,379
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				\$11,329,616	\$10,447,825	\$ 4,198,826	\$ 4,198,826	\$ -	\$ 6,248,999

CAREER PATH SERVICES  
Spokane County, Washington

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2016

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Career Path Services 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* 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 Career Path Services, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Career Path Services.

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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATES:

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance, except Resources to Initiate Successful Employment (RISE) and Basic Food Employment and Training (BFET) programs.

CAREER PATH SERVICES  
Spokane County, Washington

July 1, 2015 through June 30, 2016

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

Board of Directors  
Career Path Services  
Spokane, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Career Path Services, Spokane County, Washington (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statement of activities, 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 October 7, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Career Path Services' 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 Career Path Services' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Project'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 Career Path Services' 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



CAREER PATH SERVICES  
Spokane County, Washington

July 1, 2015 through June 30, 2016

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

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 the report is to describe the scope of our testing of internal control and compliance and on 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.

*Schoedel + Schoedel*

SCHOEDEL & SCHOEDEL CPAs, PLLC

October 7, 2016

CAREER PATH SERVICES  
Spokane County, Washington

July 1, 2015 through June 30, 2016

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

Board of Directors  
Career Path Services  
Spokane, Washington

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

We have audited Career Path Services compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of Career Path Services' major federal programs for the year ended June 30, 2016. Career Path Services' 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 for Compliance***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Career Path Services' 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 be a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Career Path Services' 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 on Career Path Services' compliance.

***Opinion on Each Major Federal Program***

In our opinion, Career Path Services 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.

CAREER PATH SERVICES  
Spokane County, Washington

July 1, 2015 through June 30, 2016

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

*Report on Internal Control Over Compliance*

Management of Career Path Services 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 Career Path Services' 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 Career Path Services' 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 the 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.

*Schoedel + Schoedel*

SCHOEDEL & SCHOEDEL CPAs, PLLC

October 7, 2016

CAREER PATH SERVICES  
Spokane County, Washington

July 1, 2015 through June 30, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Career Path Services were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Career Path Services were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Career Path Services express an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was: WIA – Adult, Youth, and Dislocated Worker, CFDA No. 17.258, 17.259, 17.278.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Career Path Services was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTION COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE