

FUTURE FOUNDATION, INC.
AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

FUTURE FOUNDATION, INC.

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BLAD & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Future Foundation, Inc.
East Point, Georgia

We have audited the accompanying financial statements of Future Foundation, Inc. which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Future Foundation, Inc. as of December 31, 2015 and 2014, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state of Georgia Contracts, as required by the state of Georgia, is presented for purposes of additional analysis and also not a required part of the financial statements. 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 also 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 June 28, 2016, on our consideration of Future Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on 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 Future Foundation, Inc.'s internal control over financial reporting and compliance.

Blad + Associates, P.C.

Dunwoody, Georgia
June 28, 2016

FUTURE FOUNDATION, INC.
Statements of Financial Position

	As of December 31,	
	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 372,929	\$ 305,123
Grants and contracts receivable	193,984	82,086
Promises to give	49,815	18,826
Other receivables	2,256	4,135
Prepaid expenses	6,155	10,320
Total Current Assets	625,139	420,490
CASH RESTRICTED FOR LONG TERM PURPOSES	23,110	-
PROPERTY AND EQUIPMENT (Note 1)	36,864	38,547
TOTAL ASSETS	\$ 685,113	\$ 459,037
LIABILITIES AND NET ASSETS		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 129,746	\$ 18,375
Deferred Revenue	64,517	-
	194,263	18,375
LONG TERM LIABILITIES:		
Note payable (Note 2)	60,000	60,000
Total Liabilities	254,263	78,375
COMMITMENTS (Note 5)		
NET ASSETS:		
Unrestricted	105,422	368,105
Temporarily restricted (Note 3)	325,428	12,557
Total Net Assets	430,850	380,662
TOTAL LIABILITIES AND NET ASSETS	\$ 685,113	\$ 459,037

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
PUBLIC SUPPORT AND REVENUE:			
Grants and contracts	\$ 1,709,079	\$ -	\$ 1,709,079
Contributions	101,843	363,658	465,501
Program income	5,829	-	5,829
Donated services and facilities	248,914	-	248,914
Other	3,360	-	3,360
	<hr/>	<hr/>	<hr/>
Total Public Support and Revenue before Transfers	2,069,025	363,658	2,432,683
Net Assets Released from Restrictions due to Satisfaction of Donor-imposed Requirements	<hr/> 50,787	<hr/> (50,787)	<hr/> -
Total Public Support and Revenue	<hr/> 2,119,812	<hr/> 312,871	<hr/> 2,432,683
EXPENSES:			
Program	2,151,978	-	2,151,978
Management and general	146,707	-	146,707
Fundraising	83,810	-	83,810
	<hr/>	<hr/>	<hr/>
Total Expenses	2,382,495	-	2,382,495
CHANGES IN NET ASSETS	(262,683)	312,871	50,188
NET ASSETS:			
Beginning of year	<hr/> 368,105	<hr/> 12,557	<hr/> 380,662
End of year	<hr/> \$ 105,422	<hr/> \$ 325,428	<hr/> \$ 430,850

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
PUBLIC SUPPORT AND REVENUE:			
Grants and contracts	\$ 1,695,169	\$ -	\$ 1,695,169
Contributions	133,362	264,027	397,389
Program income	2,647	-	2,647
Donated services and facilities	302,157	-	302,157
Other	14,680	-	14,680
	<hr/>	<hr/>	<hr/>
Total Public Support and Revenue before Transfers	2,148,015	264,027	2,412,042
Net Assets Released from Restrictions due to Satisfaction of Donor-imposed Requirements	<hr/>	<hr/>	<hr/>
	261,987	(261,987)	-
	<hr/>	<hr/>	<hr/>
Total Public Support and Revenue	2,410,002	2,040	2,412,042
	<hr/>	<hr/>	<hr/>
EXPENSES:			
Program	2,028,067	-	2,028,067
Management and general	180,036	-	180,036
Fundraising	65,311	-	65,311
	<hr/>	<hr/>	<hr/>
Total Expenses	2,273,414	-	2,273,414
	<hr/>	<hr/>	<hr/>
CHANGES IN NET ASSETS	136,588	2,040	138,628
	<hr/>	<hr/>	<hr/>
NET ASSETS:			
Beginning of year	231,517	10,517	242,034
	<hr/>	<hr/>	<hr/>
End of year	\$ 368,105	\$ 12,557	\$ 380,662
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses	\$ 1,233,655	\$ 52,992	\$ 52,992	\$ 1,339,639
Occupancy	307,276	9,653	4,826	321,755
Outside services	346,532	76,065	15,000	437,597
Advertising/marketing	9,270	398	398	10,066
Direct client assistance	142,266	-	-	142,266
Office	28,125	1,208	1,208	30,541
Communications	7,500	322	322	8,144
Insurance	16,537	710	711	17,958
Postage and printing	1,175	50	50	1,275
Depreciation	15,906	683	683	17,272
Other	23,945	3,776	6,770	34,491
Travel	19,791	850	850	21,491
	<u>1,233,655</u>	<u>146,707</u>	<u>83,810</u>	<u>2,382,495</u>
Total Expenses	<u>\$ 2,151,978</u>	<u>\$ 146,707</u>	<u>\$ 83,810</u>	<u>\$ 2,382,495</u>

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2014

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses	\$ 1,061,516	\$ 49,478	\$ 47,740	\$ 1,158,734
Occupancy	332,264	10,438	5,219	347,921
Outside services	354,227	111,671	-	465,898
Advertising/marketing	20,000	932	899	21,831
Direct client assistance	134,777	-	-	134,777
Office	27,712	1,292	1,246	30,250
Communications	6,517	304	293	7,114
Insurance	13,375	623	602	14,600
Postage and printing	3,574	167	161	3,902
Depreciation	16,457	767	740	17,964
Other	30,562	3,101	7,193	40,856
Travel	27,086	1,263	1,218	29,567
	<u>\$ 2,028,067</u>	<u>\$ 180,036</u>	<u>\$ 65,311</u>	<u>\$ 2,273,414</u>

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statements of Cash Flows

	For the Year Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 50,188	\$ 138,628
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for long-term purchases	(23,110)	(7,401)
Depreciation expense	17,272	17,964
(Increase) decrease in receivables	(141,008)	(10,759)
(Increase) decrease in prepaid expenses	4,165	5,267
Increase (decrease) in deferred revenue	64,517	-
Increase (decrease) in accounts payable and accruals	111,371	(38,472)
Net Cash Provided by (Used in) Operating Activities	83,395	105,227
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in cash restricted for long term purposes	(23,110)	-
Property and equipment purchases	(15,589)	(7,401)
Net Cash Provided by (Used in) Investing Activities	(38,699)	(7,401)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collections of contributions restricted for long-term purchases	23,110	7,401
Net Cash Provided by (Used in) Financing Activities	23,110	7,401
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	67,805	105,227
CASH AND CASH EQUIVALENTS:		
Beginning of year	305,123	199,896
End of year	\$ 372,929	\$ 305,123
SUPPLEMENTAL INFORMATION:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.

SUMMARY OF ACCOUNTING POLICIES

ORGANIZATION

Future Foundation, Inc. (the "Organization") is a nonprofit organization located in East Point, Georgia that was established in 2001. The Organization is a youth development organization that provides comprehensive after school solutions, meeting pressing metro Atlanta community needs. The Organization exists because of visionary and founder, Shareef Abdur-Rahim. A Sacramento Kings Forward, Cal basketball star and Trumpet Award recipient, Abdur-Rahim envisioned an organization dedicated to supporting the youth and neighborhood in which he grew up. The Organization, as a voluntary health and welfare organization, continues to develop programs in response to the needs of the community and is supported primarily by government grants and contributions.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Organization's net assets, revenue, support and expenses are classified based on the existence or absence of donor-imposed restrictions into three classes: permanently restricted, temporarily restricted and unrestricted net assets.

PUBLIC SUPPORT AND REVENUE RECOGNITION

Support is recognized in the year received at its fair market value. Contributions with donor-imposed restrictions are reported as restricted-support. The satisfaction or expiration of donor-imposed restrictions is recorded as a transfer from restricted to unrestricted net assets in the year the satisfaction or expiration occur.

Unconditional promises to give are presented at their fair market value. Promises to give expected to be received more than one year in the future are discounted to their present value using a risk-free interest rate corresponding to the due date of the pledge.

Management believes all promises to give are fully collectible and no allowance for uncollectible pledges is deemed necessary at December 31, 2015 and 2014.

For exchange transactions, the Organization recognizes grant and contract revenue when earned.

GRANTS RECEIVABLE

Grants receivable represent amounts due from granting agencies for expenditures of Federal and State awards, which have not yet been paid. Management reviews amounts past due and provides an allowance for those amounts deemed uncollectible. At December 31, 2015 and 2014, management considers all amounts to be collectible.

FUTURE FOUNDATION, INC.

SUMMARY OF ACCOUNTING POLICIES

EXPENSE RECOGNITION

All expenses are recognized in the statement of activities as decreases in unrestricted net assets.

STATEMENT OF CASH FLOWS

Cash and cash equivalents include all monies in banks and highly liquid investments with a maturity of three months or less.

INCOME TAXES

The Organization is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements. In addition, the Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of December 31, 2015 and 2014, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions. Generally, taxing authorities have from the later of the tax filing or extended due date to examine a tax filing.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, or if donated, at estimated fair value at the date of donation. Any donations of property and equipment are also recorded as support in the statement of activities at their estimated fair value. Depreciation is computed over the estimated useful lives (5-7 years) of the assets using the straight-line method.

Property and equipment acquired by the Organization is considered owned by the Organization. However, the State of Georgia funding sources may maintain equitable interest in the assets purchased with contract monies as well as the right to determine the use of any proceeds for the sale of these assets.

Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets are capitalized.

USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires reliance on accounting information based on estimates which may or may not come true in the near term. Significant estimates include the functional allocation of expenses.

FUTURE FOUNDATION, INC.

SUMMARY OF ACCOUNTING POLICIES

FUNCTIONAL ALLOCATION OF EXPENSES

The Organization allocates its expenses on a functional basis among their various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based on salary expenditures.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of receivables, promises to give, accounts payable and accrued expenses and note payable. The recorded values of these instruments approximate their fair value based on their short term nature.

CONCENTRATIONS

The Organization maintains bank accounts in financial institutions that at times may exceed federally insured limits.

In 2015, the Organization received a cash contribution from a donor totaling \$250,000.

The Organization receives a substantial amount of its support from government funding. In 2015, the Organization received combined grants and contracts from the State of Georgia and federal agencies that represented 22% and 22% of total public support and revenue, respectively. In 2014, the Organization received combined grants and contracts from the State of Georgia and federal agencies that represented 22% and 32% of total public support and revenue, respectively. In addition, grants and contracts revenue includes approximately \$294,000 from one non governmental source in 2014. If there were a significant reduction in the level of this support, it may have an effect on the Organization's programs and activities.

DONATED FACILITIES, SERVICES AND MATERIALS

Donated facilities, services and materials consisted of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Facilities	\$ 240,360	\$ 247,064
Services and materials	<u>8,554</u>	<u>55,093</u>
	<u>\$ 248,914</u>	<u>\$ 302,157</u>

FUTURE FOUNDATION, INC.

SUMMARY OF ACCOUNTING POLICIES

DONATED FACILITIES, SERVICES AND MATERIALS (Concluded)

Donated services and materials are mostly comprised of teaching and information technology services.

In addition, many Individuals volunteer time and perform a variety of tasks that assist the Organization with various administrative and program tasks. The value of these services has not been reflected in the financial statements since they do not meet the criteria for recognition.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, which is the date the financial statements were available to be issued.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with the current year presentation.

FUTURE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Vehicles	\$ 39,194	\$ 39,194
Furniture and equipment	<u>239,468</u>	<u>223,879</u>
	278,662	263,073
Less: accumulated depreciation	<u>(241,798)</u>	<u>(224,526)</u>
	<u>\$ 36,864</u>	<u>\$ 38,547</u>

NOTE 2 – NOTE PAYABLE

During 2012, the Organization entered into a note payable agreement with one of its board members and its founder in the amount of \$60,000. The note bears interest at 3% and is payable on demand, but is due no later than February 1, 2017. The balance outstanding as of the report date is \$60,000.

NOTE 3 – RESTRICTED NETS ASSETS

As of December 31, 2015 and 2014, temporarily restricted net assets represent unexpended contributions in cash which were designated by the donors for the following:

	<u>2015</u>	<u>2014</u>
Brain balance program	\$ -	\$ 7,317
After school program	255,243	-
Digital Learning Lab*	23,110	-
Strategic restructuring	44,325	-
Grants to Green	2,750	-
Landscaping project	<u>-</u>	<u>5,240</u>
	<u>\$ 325,428</u>	<u>\$ 12,557</u>

*for computer purchases- deemed long term purpose

NOTE 4 – CONTINGENCIES

Contracts and contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management represents that the Organization has complied with any such conditions. Although the return of funds is a possibility, management deems the contingency unlikely.

FUTURE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – CONTINGENCIES-concluded

The Organization had a multi year federal grant called the “healthy marriage” program that ended in 2015. In 2015, the Organization recognized approximately \$528,000 of revenue under this program. In addition, the Organization’s FRESH contract with Fulton County, Georgia ended in 2015 and was not renewed. In 2015, the Organization recognized approximately \$90,000 of revenue under the FRESH contract.

NOTE 5 – COMMITMENTS

The Organization leases office space under an operating lease from one of its board members and its founder that extends through 2017. For the lease agreement, annual rent expense for the years ended December 31, 2015 and 2014 was \$48,000 and \$47,835, respectively.

Future minimum lease payments under the lease are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 48,000
2017	<u>36,000</u>
Total	<u>\$ 84,000</u>

The Organization leased a bus under an operating lease agreement. The lease agreement was cancellable with no required payment if cancelled after June 2010. The cancellation terms also include certain excess mileage charges and required condition of vehicle. This lease was terminated during 2014. In 2014, total annual rental expense under this lease agreement approximated \$15,000.

FUTURE FOUNDATION, INC.

**Schedule of State of Georgia Contracts
For the Year Ended December 31, 2015**

<u>State Agency</u>	<u>Contract #/ Contract Period</u>	<u>Amount Expended</u>
Georgia Department of Education	7/1/14 – 9/30/15	\$ 350,247
Georgia Department of Education	7/1/15 – 9/30/16	176,019
Georgia Department of Human Services	42700-040-0000022492 10/1/14-9/30/15	104,839
Georgia Department of Human Services	42700-040-0000044238 10/1/15-9/30/19	28,347
Georgia Department of Human Services	42700-040-0000035711	<u>79,611</u>
		<u>\$ 739,063</u>

Note: This schedule is prepared using the accrual basis of accounting and reflects amounts expended under awards from the State of Georgia.

FUTURE FOUNDATION, INC.

Schedule of Federal Expenditures For the Year Ended December 31, 2015

<u>Federal Agency/ Pass-Thru Agency MAJOR PROGRAM</u>	<u>CFDA #</u>	<u>Amount Expended</u>
U.S. Department of Education/Georgia Department of Education	84.287	\$ 526,166
<u>NON-MAJOR PROGRAMS</u>		
U.S. Department of Health and Human Services	93.086	528,522
U.S. Department of Health and Human Services/ Georgia Department of Human Services	93.235	66,519
U.S. Department of Health and Human Services/ Georgia Department of Human Services	93.558	<u>133,186</u>
		<u>\$ 1,254,393</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Future Foundation, Inc. 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 Future Foundation, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Future Foundation, Inc.

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.

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 and Officers of
Future Foundation, Inc.
East Point, Georgia

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 Future Foundation, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2015 and the related statements 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 June 28, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2015-001 and 2015-002 that we consider to be a significant deficiencies.

Compliance and Other Matters

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

Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Blad + Associates, P.C.

Dunwoody, Georgia
June 28, 2016

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 and Officers of
Future Foundation, Inc.
East Point, Georgia

Report on Compliance for Each Major Federal Program

We have audited Future Foundation, Inc.'s, (the "Organization"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2015. The Organization's major federal programs are identified in the summary of auditor's results of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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 the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

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

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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

Blad + Associates, P.C.

Dunwoody, Georgia
June 28, 2016

FUTURE FOUNDATION, INC.

Schedule of Findings Year Ended December 31, 2015

A. SUMMARY OF AUDIT FINDINGS

1. The auditor's report expresses an unqualified opinion on whether the financial statements of Future Foundation, Inc. were prepared in accordance with GAAP.
2. Two significant deficiencies were disclosed during the audit of the financial statements is reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Future Foundation, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are reported in the Independent Auditor's Report on Compliance for Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program for Future Foundation, Inc. expresses an unqualified opinion on all major federal programs.
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 U.S. Department of Education CFDA (#84.287) was tested as a major program.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Future Foundation, Inc. did qualify as a low-risk auditee.

FUTURE FOUNDATION, INC.

Schedule of Findings Year Ended December 31, 2015

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2015-001

Condition: Internal control systems are typically more effective when the number of employees is sufficient to create a proper separation of duties. Due to the limited number of employees in the accounting function, there is an inherent limitation in the Organization's ability to have a proper separation of duties to create an effective system of internal control.

Cause: This condition is inherent to organizations with limited number of accounting personnel and difficult to overcome.

Effect: Transactions might not be processed in conformity with the policies and procedures of the Organization due to error or fraud and, if material, the financial statements might not conform with generally accepted accounting principles and/or lack of compliance with applicable laws and regulations could occur.

Recommendation: We recommend the Organization's executive director and board of directors continue to be actively involved in the accounting function of the Organization.

Views of Responsible Officials and Planned Corrective Actions: We recognize this is an inherent condition given the size of our Organization and believe we have mitigated the risk as much as practical given our resources.

2015-002

Condition: During our audit, we proposed certain material adjustments to the financial statements in order for them to be in substantial conformity with generally accepted accounting principles. This is not an uncommon finding for organizations of similar size to the Organization.

Cause: Adjustments not identified during the year end closing process.

Effect: The cumulative effect to the change in net assets for 2015 was approximately \$30,000.

Recommendation: We recommend that the Organization's accountant review the adjustments identified during the audit process and record similar adjustments during the next year end closing process.

Views of Responsible Officials and Planned Corrective Actions: The Organization concurs with the finding and will implement our recommendation.

C. FINDING – MAJOR FEDERAL AWARD PROGRAM AUDIT

U.S. DEPARTMENT OF EDUCATION (CFDA #84.287)

NONE

FUTURE FOUNDATION, INC.

Schedule of Prior Audit Findings Year Ended December 31, 2015

FINDINGS – FINANCIAL STATEMENTS AUDIT

2014-001

Finding

Internal control systems are typically more effective when the number of employees is sufficient to create a proper separation of duties. Due to the limited number of employees, there is not a proper separation of duties to create an effective system of internal control. This condition is common to most small organizations; however, as a result, transactions might not be processed in conformity with the policies and procedures of the Organization due to error or fraud and, if material, the financial statements might not conform to generally accepted accounting principles and/or lack of compliance with applicable laws and regulations could occur.

Recommendation

We recommend the Organization's executive director and board of directors remain involved in the activities of the Organization.

Current Status

We recognize this is an inherent condition given the size of our Organization and believe we have mitigated the risk as much as practical given our resources.

FUTURE FOUNDATION, INC.

Corrective Action Plan Year Ended December 31, 2015

FINDING – FINANCIAL STATEMENTS AUDIT

2015-001

Recommendation: We recommend the Organization's executive director and board of directors remain involved in the activities of the Organization.

Action Taken: We recognize this is an inherent condition given the size of our Organization and believe we have mitigated the risk as much as practical given our resources.

2015-002

Recommendation: We recommend that the Organization's accountant review the adjustments identified during the audit process and record similar adjustments during the next year end closing process. This is not an uncommon finding for organizations of similar size to the Organization.

Action Taken: We concur and will implement the recommendation to strengthen our year end closing procedures to ensure these adjustments are recorded during the year end closing process.

Contact: Qaadirah Abdur-Rahim