

B E D I N G E R & C O M P A N Y
C E R T I F I E D P U B L I C A C C O U N T A N T S

THE ENGLISH CENTER
(A NOT-FOR-PROFIT ORGANIZATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014)

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THE CENTER FOR PUBLIC COMPANY AUDIT FIRMS,
AND THE CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS.
REGISTERED WITH THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD.**

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B E D I N G E R & C O M P A N Y
C E R T I F I E D P U B L I C A C C O U N T A N T S
INDEPENDENT AUDITORS' REPORT

October 22, 2015

Board of Trustees
The English Center
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of The English Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The English Center, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

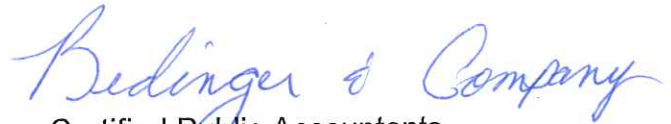
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited The English Center's June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015, on our consideration of The English Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The English Center's internal control over financial reporting and compliance.



Certified Public Accountants
Concord, California

THE ENGLISH CENTER**STATEMENT OF FINANCIAL POSITION**

JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)

	Total All Funds	
	2015	2014
<u>ASSETS</u>		
Cash and cash equivalents	\$ 120,153	\$ 105,523
Investments (Note B)	12,102	179,175
Accounts receivable, net (Note A)	3,208	3,224
Grants and contracts receivable	213,716	372,564
Prepaid expenses	40,800	21,881
Inventories	21,895	24,228
TOTAL CURRENT ASSETS	411,874	706,595
Property, and equipment, net of accumulated depreciation (Note C)	42,576	63,005
Deposits and other assets	22,418	20,279
TOTAL ASSETS	<u>\$ 476,868</u>	<u>\$ 789,879</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 124,132	\$ 85,862
Deferred tuition (Note A)	77,511	83,011
Deferred revenue	33,797	6,000
TOTAL LIABILITIES	<u>235,440</u>	<u>174,873</u>
COMMITMENT AND CONTINGENCY (Note F)		
<u>NET ASSETS</u>		
Unrestricted	241,428	615,006
TOTAL NET ASSETS	<u>241,428</u>	<u>615,006</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 476,868</u>	<u>\$ 789,879</u>

See Notes to Financial Statements

THE ENGLISH CENTER**STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2015****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	Unrestricted	Temporarily Restricted	Total All Funds	
			2015	2014
<u>REVENUE</u>				
Tuition	\$ 101,937	\$ -	\$ 101,937	\$ 73,771
Room and Board/Homestay			-	7,280
Fees	159,233		159,233	143,920
Government Grants	715,262	150,972	866,234	969,017
Grants and donations	22,366	279,755	302,121	275,558
Investment income	(73)		(73)	1,970
Interest income	22		22	94
Other	6,047		6,047	2,902
Net assets released from restrictions	430,727	(430,727)	-	-
Total Revenue	<u>1,435,521</u>	<u>-</u>	<u>1,435,521</u>	<u>1,474,512</u>
<u>EXPENSES</u>				
Program services	1,584,039		1,584,039	1,234,922
Support services	225,060		225,060	237,149
Total Expenses	<u>1,809,099</u>	<u>-</u>	<u>1,809,099</u>	<u>1,472,071</u>
Change in Net Assets	(373,578)	-	(373,578)	2,441
Net Assets, beginning of year	615,006	-	615,006	612,565
Net Assets, end of year	<u>\$ 241,428</u>	<u>\$ -</u>	<u>\$ 241,428</u>	<u>\$ 615,006</u>

See Notes to Financial Statement

THE ENGLISH CENTER**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Program	Services	Total All Funds	
			2015	2014
Personnel Costs				
Salaries and wages	\$ 941,096	\$ 118,078	\$ 1,059,174	\$ 915,771
Employee benefits and payroll taxes	182,244	38,425	220,669	195,385
Total personnel costs	1,123,340	156,503	1,279,843	1,111,156
Operating Expenses				
Occupancy expense	226,225	32,318	258,543	215,791
Professional fees	47,008	-	47,008	13,595
Equipment	38,013	-	38,013	19,298
Classroom rent	29,747	-	29,747	150
Miscellaneous	28,441	-	28,441	4,127
Printing & reproduction	13,445	1,921	15,366	8,104
Hospitality	13,480	-	13,480	4,522
Recruitment	13,363	-	13,363	5,298
Office supplies	10,567	1,510	12,077	10,992
Communications	9,430	1,347	10,777	8,315
Accreditation & licensing	9,946	-	9,946	15,165
Books & material	7,437	-	7,437	10,221
Insurance	-	6,977	6,977	6,558
Staff development	4,897	-	4,897	4,564
Dues & Subscriptions	3,997	-	3,997	2,214
Postage	2,054	-	2,054	2,680
Advertising	1,018	-	1,018	2,946
Other student expense	864	-	864	1,821
Repairs/Maintenance	708	-	708	924
Student Activities	59	-	59	24
Room & Board/Homestay	-	-	-	6,740
Subtotal	460,699	44,073	504,772	344,049
Depreciation & amortization	-	24,484	24,484	16,866
Total operating expenses	460,699	68,557	529,256	360,915
Total Expenses	\$ 1,584,039	\$ 225,060	\$ 1,809,099	\$ 1,472,071

See Notes to Financial Statement

THE ENGLISH CENTER**STATEMENT OF CASH FLOWS****YEAR ENDED JUNE 30, 2015****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	Total All Funds	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (373,578)	\$ 2,441
Adjustment to reconcile excess (deficiency) of revenue over expenses to cash provided by operating activities:		
Depreciation and amortization	24,484	16,866
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
(Increase) decrease in accounts receivable	158,864	(40,053)
(Increase) decrease in prepaid expenses and deposits	(21,058)	4,504
(Increase) decrease in inventories	2,333	(6,083)
Increase (decrease) in accounts payable and accrued expenses	38,270	(14,406)
Increase (decrease) in deferred tuition	(5,500)	16,562
Increase (decrease) in deferred revenue	27,797	(25,000)
NET CASH PROVIDED <USED> BY OPERATING ACTIVITIES	<u>(148,388)</u>	<u>(45,169)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment purchases	(4,055)	(25,820)
Change in investments	167,073	(1,969)
NET CASH PROVIDED BY <USED> INVESTING ACTIVITIES	<u>163,018</u>	<u>(27,789)</u>
NET INCREASE <DECREASE> IN CASH	14,630	(72,958)
CASH, beginning of period	105,523	178,481
CASH, end of period	<u>\$ 120,153</u>	<u>\$ 105,523</u>

See Notes to Financial Statements

THE ENGLISH CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE A - SUMMARY OF BUSINESS AND ACCOUNTING POLICIES

The English Center (the Center), formerly known as The English Center for International Women, was incorporated in California in 1977 as a non-profit public benefit corporation. During the fiscal year ended June 30, 2008 The Center changed its name from The English Center for International Women to The English Center. The Center provides instruction in English as a Second Language to individuals from various countries in two main programs: the regular Intensive Program and the Career Advancement Program. The Center also offers instruction to individual groups in Special Programs throughout the year.

The financial statements include those funds over which the Center maintains direct operational control.

Following is a description of the funds included in the financial statements:

Unrestricted Fund

This fund contains the unrestricted resources available for the support of the Center's overall operations. Within each operating budget, a portion of these funds are designated for specific uses as approved by the Board of Trustees. These funds are considered designated funds within the context of each operating budget. These funds, if unused for their designated purpose, may be redesigned by the Board of Trustees.

The total number of students who received English Center scholarships was 170. The average amount awarded in English Center scholarships to these students was \$2,787. The Center uses these funds to award scholarships on a discretionary basis.

Temporarily Restricted Fund

Operating Funds restricted by the donor, grantor or other outside party for particular operating purposes are deemed to be earned and reported revenues of operating funds when the Center has incurred expenditures in compliance with specific restrictions.

Fund Accounting

The accounts of the Center are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by fund groups.

Accrual Basis

The financial statements of the Center have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, rather than when they are received, and expenses are recognized when they are incurred, rather than when they are paid.

THE ENGLISH CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE A - SUMMARY OF BUSINESS AND ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Center recognizes revenue when earned, that is, when the deadline for a student's application for refund of tuition for a certain instructional term is passed (approximately 60% through the term), that revenue is then recognized. Until that specific time, all receipts from students are classified as deferred (unearned) tuition, a current liability.

The provisions of ASC 958 require the Center to recognize contributions and grants as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the contribution or grant. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All other contributions are recognized upon receipt. Support arising from services and donated assets contributed by certain businesses and individuals has been recognized in the accompanying financial statements at the fair value of the services performed or assets contributed. Tuition and student fee revenue is recognized as earned. Amounts received (advances) but not yet earned are reported as deferred tuition or revenue.

Financial Statement Presentation

In conforming with ASC 958 the Center is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. The Center has no temporarily restricted net assets at June 30, 2015.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include monies in banks and petty cash accounts with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

THE ENGLISH CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE A - SUMMARY OF BUSINESS AND ACCOUNTING POLICIES (Continued)

Tax Exempt Status

The Center has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board under sections 501(c)(3) and 23701(d), respectively.

The Center has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by the Center in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Center returns for years ended June 30, 2014, 2013, and 2012 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

Accounts Receivable

Accounts receivable are reported at the student's outstanding balance less any allowance for doubtful accounts. Interest is not accrued on overdue accounts receivable. The Center evaluates receivables on a regular basis for potential reserve. During the years ended June 30, 2015 and 2014, the allowance for doubtful accounts was \$2,000 for both years.

Inventory

Inventory is accounted for on the first-in first-out basis.

Property, Plant and Equipment

Property and equipment are recorded at cost. Depreciation is generally provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

Maintenance and repairs, which do not materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in operations as incurred.

Advertising

The Center expenses all advertising as incurred. For the years ended June 30, 2015 and 2014, the Center charged advertising expenses to operations in the amounts of \$1,018 and \$2,828, respectively.

THE ENGLISH CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE A - SUMMARY OF BUSINESS AND ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Center's financial instruments include cash, cash equivalents and investments. The carrying amount of these financial instruments has been estimated by management to approximate fair value. The Center adheres to Accounting Standards Codification (ASC) 820—10. Under ASC 820-10, fair value is defined 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." ASC 820-10 establishes a hierarchy to prioritize the inputs to valuation techniques to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Center. Unobservable inputs reflect the Center's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:
Level 1— Values are unadjusted quoted prices for identical assets and liabilities in active markets. The Center holds level 1 financial instruments in cash, cash equivalents and investments as reflected in the accompanying financial statements.

Level 2—Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves. The Center does not hold any level 2 instruments.

Level 3—Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. The Center does not hold any level 3 instruments.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

THE ENGLISH CENTER**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)****NOTE B - INVESTMENTS**

The Center held \$12,102 and \$179,175 at June 30, 2015 and 2014, respectively, in stock and bond mutual fund investments. These investments are stated at fair market value as of June 30, 2015 and 2014. The following schedules summarize the nature of the investments and the investment return on the Statement of Activities for the year ended June 30, 2015.

	Cost	Fair Value	Fair Value Measurements Using:	
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual Funds	\$12,029	\$12,102	\$12,102	\$0
Total Investments	\$12,029	\$12,102	\$12,102	\$0

Investment activity for the year ended June 30, 2015 is as follows:

Dividend Income	\$ 654
Net Unrealized Gain (Loss)	(727)
	<u>\$ (73)</u>

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 and 2014 consisted of the following:

	2015	2014
Furniture	\$54,320	\$54,320
Equipment	207,381	204,125
Software	47,472	46,673
Leasehold Improvements	85,720	85,720
	<u>394,893</u>	<u>390,838</u>
Less: Accumulated Depreciation and Amortization	<u>352,317</u>	<u>327,833</u>
	<u>\$42,576</u>	<u>\$63,005</u>

THE ENGLISH CENTER**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)****NOTE C - PROPERTY AND EQUIPMENT (Continued)**

Depreciation expense for the years ended June 30, 2015 and 2014 was \$8,698 and \$2,291, respectively. Amortization expense was \$15,786 and \$14,575 for the years ended June 30, 2015 and 2014, respectively.

NOTE D – EMPLOYEE RETIREMENT PLAN

The Center offers a 403(b) plan to its employees. If the employee is 18 years or older, the employee is eligible to participate in the plan after completing one year of service. After three years of service, a participant is fully vested. The Center's contribution requirement is discretionary and is allocated equal up to 10% of the participant's compensation. There are no past service costs. The employer contributed \$26,866 and \$31,309 for the years ended June 30, 2015 and 2014, respectively.

NOTE E – WORKFORCE INVESTMENT ACT

The Center has received grants under Title I from the Department of Labor as a sub-contractor. For the years ended June 30, 2015 and 2014 total awards amounted to \$90,184 and \$104,527, respectively. These contracts are administered by the City of Oakland.

NOTE F – COMMITMENT AND CONTINGENCY

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Center deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Center's management is of the opinion that the organization has complied with the terms of all grants.

On April 19, 2011, the Center entered into a lease for office and program space. The lease is for sixty-eight months beginning on July 1, 2011 with the beginning base rent of \$12,975. On November 1, 2014, the Center enter into another rental agreement for program space in Pittsburg, CA with the beginning base rent of \$2,000 month. This rental agreement will end on June 30, 2017.

THE ENGLISH CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE F – COMMITMENT AND CONTINGENCY (continued)

Future minimum lease payments are as follows:

Year ended June 30,	
2016	\$261,684
2017	186,232
	<u>\$447,916</u>

Total office rental expense for the years ended June 30, 2015 and 2014 was \$258,392 and \$215,178, respectively.

NOTE G – CONCENTRATION OF CREDIT RISK

From time to time, the Center may have deposits in banks and other financial institutions in excess of federally insured limits.

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

The Center has \$0 in temporarily restricted net assets at June 30, 2015 and 2014.

NOTE I – CREDIT LINE

During the year ended June 30, 2015, the Center opened a line of credit with the Bank of America to finance short-term working capital needs. The maximum amount available on the line is \$25,000, bears interest at 4.875% plus prime and renews annually. In the case of default, the bank has the right to offset any amounts owed to it by appropriating funds on deposit with the bank equal to the balance owed at the time of any default. The line had no balance at June 30, 2015.

NOTE J – SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification Topic 855, "Subsequent Events", the Organization has evaluated subsequent events through October 22, 2015, which is the date these financial statements were available to be issued.

ADDITIONAL INFORMATION

THE ENGLISH CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of *The English Center*.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Organization's Compliance and Internal Control over Financial Reporting.
3. No instances of noncompliance material to the financial statements of *The English Center* were disclosed during the audit.
4. No reportable condition relating to the audit of the major federal award programs is reported in the Compliance with Specific Requirements Applicable to Major Programs.
5. The auditor's report on compliance for the major federal awards programs for *The English Center* expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs *The English Center* are reported in Part C. of this schedule.
7. The program tested as a major program included:

Student Financial Assistance	84.063
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8. The threshold for distinguishing Types A and B programs was \$300,000.
9. *The English Center* was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

Prior Year - None
Current Year - None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

Prior Year - None
Current Year - None

THE ENGLISH CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

<u>FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Period</u>	<u>Award Amount</u>	<u>Expenditures</u>
Department of Education				
Office of Student Financial Assistance				
Title IV - Federal Pell Grant Program	* 84.063	7/1/14-6/30/15	\$ 524,239	\$ 530,575
Title IV - Federal Work Study Program	* 84.063	7/1/14-6/30/15	6,633	6,633
Title IV - Federal Supplemental Educational Opportunity Grant	* 84.063	7/1/14-6/30/15	7,800	7,800
Pass-thru from State of California				
Department of Education				
English Literacy and Civics Education	84.00A	7/1/14-6/30/15	30,463	30,463
Title II - Workforce Investment Act	84.00A	7/1/14-6/30/15	43,269	43,269
Pass-thru from City of Oakland				
Title I - Workforce Investment Act				
One-Stop Affiliate, Funding and Supportive Services	17.258	7/1/14-6/30/15	139,271	139,271
Training Services	17.258	7/1/14-6/30/15		25,040
Pass-thru from Oakland Private Industry Council				
Department of Labor				
Title I - Workforce Investment Act				
Individual Training Accounts	17.258	7/1/14-6/30/15	90,184	104,527
Pass-thru from The International Rescue Committee, Inc.				
Vocational ESL Services	93.566	7/1/14-6/30/15	73,732	79,481
			<u>\$ 915,591</u>	<u>\$ 967,059</u>

* Major program

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the expenditures of federal awards of The English Center; these expenditures are presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

ADDITIONAL REPORTS

THE ENGLISH CENTER

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

October 22, 2015

Board of Trustees
The English Center
Oakland, California

We have examined management's assertion, included in its representation letter dated October 22, 2015, that The English Center complied with the regulatory requirements contained in 34 CFR 600.5(a)(8) and 600.5(d) and 34 CFR 668, relative to participation in the Federal Student Financial Assistance Program during the year ended June 30, 2015. As discussed in the representation letter, management is responsible for The English Center's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about The English Center's compliance based on our examination.

Our examination was made in accordance with *Governmental Auditing Standards*, issued by the Comptroller General of the United States; standards established by the American Institute of Certified Public Accountants; and the *Audit (Attestation) Guide, Audits/Attestation Engagements of Federal Student Financial Assistance Programs*, issued by the U.S. Department of Education, Office of the Inspector General, June 1995, as updated and accordingly, including examining, on a test basis, evidence about The English Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on The English Center's compliance with specified requirements.

In our opinion, management's assertion that The English Center complied with the aforementioned requirements of the 90 percent rule for the year ended June 30, 2015 is fairly stated, in all material respects.

This report is intended solely for the information of The English Center's Board of Directors, management and the Department of Education. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountants
Concord, California

THE ENGLISH CENTER

**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**

October 22, 2015

Board of Trustees
The English Center
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The English Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2015.

Internal Control Over Financial Reporting

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

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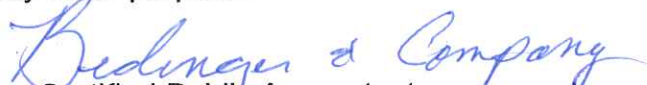
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 English Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.


Certified Public Accountants
Concord, California

THE ENGLISH CENTER

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

October 22, 2015

Board of Trustees
The English Center
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited The English Center's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The English Center's major federal programs for the year ended June 30, 2015. The English Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 English Center'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 English Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 English Center's compliance.

Opinion on Each Major Federal Program

In our opinion, The English Center 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, 2015.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of The English Center 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 English Center'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 OMB Circular A-133, 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 English Center'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,

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or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bedinger & Company
Certified Public Accountants
Concord, California