

**OAI, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION  
(including OMB Circular A-133 reports)**

**For the Year Ended  
June 30, 2015**

**OAI, Inc.**  
**Annual Financial Report**

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# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **Independent Auditor's Report**

To the Board of Directors  
OAI, Inc.  
Chicago, Illinois

We have audited the accompanying financial statements of OAI, Inc. (OAI) (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. The prior-year summarized comparative information has been derived from OAI's 2014 financial statements, and, in our report dated December 1, 2014, we expressed an unmodified opinion on those 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 *Governmental 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 of 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 OAI, 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***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Governmental Auditing Standards*, we have also issued a report dated December 21, 2015 on our consideration of OAI, Inc.'s internal control over financial reporting and 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 *Governmental Auditing Standards* in considering OAI, Inc.'s internal control over financial reporting and compliance.

*Desmond & Ahern, Ltd*

December 21, 2015  
Chicago, IL

**OAI, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2015 (with comparative totals for 2014)**

	<u>2015</u>	<u>2014</u>
<b><u>Assets</u></b>		
Current Assets		
Cash and cash equivalents	\$ 659,175	\$ 553,920
Government receivables	416,353	397,812
Contribution receivables	35,183	-
Other receivables	71,098	52,677
Prepaid expenses	44,867	43,561
Total current assets	<u>1,226,676</u>	<u>1,047,970</u>
Net property and equipment	35,129	62,048
Security deposits	15,000	19,250
<b>Total Assets</b>	<b><u><u>\$ 1,276,805</u></u></b>	<b><u><u>\$ 1,129,268</u></u></b>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities		
Accounts payable	\$ 238,952	\$ 160,006
Accrued payroll and related taxes	60,963	63,813
Refundable advances	105,715	-
Total current liabilities	<u>405,630</u>	<u>223,819</u>
Net Assets		
Unrestricted	624,342	669,883
Temporarily restricted	246,833	235,566
Total net assets	<u>871,175</u>	<u>905,449</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 1,276,805</u></u></b>	<b><u><u>\$ 1,129,268</u></u></b>

See independent auditor's report and notes to financial statements.

**OAI, INC.****STATEMENT OF ACTIVITIES****For the Year Ended June 30, 2015 (with comparative totals for 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
<b><u>Public Support and Revenue</u></b>				
Government funding	\$ 2,029,482	\$ -	\$ 2,029,482	\$ 2,098,971
Fees for service	83,300	-	83,300	34,470
Contributions	38,488	116,650	155,138	108,209
Program income	6,332	-	6,332	4,348
Interest and other income	1,734	-	1,734	1,747
Donated services	12,000	-	12,000	-
Rental income	-	-	-	11,500
Donated software - capitalized	-	-	-	49,030
Net assets released from restrictions - satisfaction of purpose restriction	105,383	(105,383)	-	-
Total Public Support and Revenue	<u>2,276,719</u>	<u>11,267</u>	<u>2,287,986</u>	<u>2,308,275</u>
<b><u>Expenses</u></b>				
Program Services				
Pre-Employment	872,223	-	872,223	905,227
Business and Worker Training	681,738	-	681,738	738,078
OAI Chicago Southland	475,417	-	475,417	319,754
Total program services	<u>2,029,378</u>	<u>-</u>	<u>2,029,378</u>	<u>1,963,059</u>
Management and general	276,692	-	276,692	292,402
Fundraising	16,190	-	16,190	-
Total Expenses	<u>2,322,260</u>	<u>-</u>	<u>2,322,260</u>	<u>2,255,461</u>
<b>Change in net assets</b>	(45,541)	11,267	(34,274)	52,814
<b>Net assets, beginning of year</b>	<u>669,883</u>	<u>235,566</u>	<u>905,449</u>	<u>852,635</u>
<b>Net assets, end of year</b>	<u>\$ 624,342</u>	<u>\$ 246,833</u>	<u>\$ 871,175</u>	<u>\$ 905,449</u>

See independent auditor's report and notes to financial statements.

**OAI, INC.****STATEMENT OF FUNCTIONAL EXPENSES****For the Year Ended June 30, 2015 (with comparative totals for 2014)**

	Program Services	Management and General	Fundraising	2015 Total	2014 Total
<b><u>Functional Expenses</u></b>					
Salaries	\$ 745,646	\$ 134,509	\$ 1,373	\$ 881,529	\$ 903,162
Fringe benefits and related taxes	226,219	42,194	445	268,857	294,282
Total salaries and related expenses	971,865	176,703	1,818	1,150,386	1,197,444
Sub-recipients	94,015	-	-	94,015	78,472
Contract services	220,784	21,573	11,865	254,222	206,730
Contractual Trainers	244,586	-	-	244,586	281,338
Professional fees	571	17,846	850	19,266	18,281
Supporting services	35,044	-	-	35,044	40,351
Donated services	12,000	-	-	12,000	-
Client services	64,368	164	-	64,532	22,872
Transportation expense	51,430	285	982	52,698	38,758
Seminar fees	8,629	494	-	9,123	1,179
Meeting expense	2,318	97	-	2,415	2,631
Occupancy, other than depreciation	211,119	42,070	438	253,626	263,030
Telephone	6,410	1,495	16	7,921	6,898
Supplies	46,231	1,246	57	47,534	24,642
Computer expense	-	925	-	925	2,728
Equipment purchases under \$5,000	9,805	92	-	9,896	6,650
Equipment rental, repair and maintenance	8,801	2,096	20	10,917	10,167
Insurance	6,535	3,233	12	9,780	8,803
Postage and shipping	2,292	266	45	2,604	1,553
Dues and subscriptions	4,744	374	-	5,118	3,651
Miscellaneous	828	4,313	87	5,229	3,735
Total expenses before depreciation	2,002,375	273,272	16,190	2,291,837	2,219,913
Depreciation	27,003	3,420	-	30,423	35,548
<b>Total Expenses</b>	<b>\$ 2,029,378</b>	<b>\$ 276,692</b>	<b>\$ 16,190</b>	<b>\$ 2,322,260</b>	<b>\$ 2,255,461</b>

See independent auditor's report and notes to financial statements.

**OAI, INC.****STATEMENT OF CASH FLOWS****For the Year Ended June 30, 2015 (with comparative totals for 2014)**

	<u>2015</u>	<u>2014</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in net assets	\$ (34,274)	\$ 52,814
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation of property and equipment	30,423	35,548
Donated software	-	(49,030)
Decrease (increase) in assets		
Government receivables	(18,541)	294,738
Contribution receivables	(35,183)	-
Other receivables	(18,421)	(45,977)
Prepaid expenses and deposits	2,944	(519)
(Decrease) increase in liabilities		
Accounts payable and payroll accrual	76,096	(215,735)
Refundable advances	105,715	(64,488)
Net cash provided by operating activities	<u>108,759</u>	<u>7,351</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of property and equipment	<u>(3,504)</u>	<u>(3,025)</u>
Net cash used by investing activities	<u>(3,504)</u>	<u>(3,025)</u>
<b>Net increase in cash and cash equivalents</b>	105,255	4,326
<b>Cash and cash equivalents, beginning of year</b>	<u>553,920</u>	<u>549,594</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 659,175</u></u>	<u><u>\$ 553,920</u></u>

See independent auditor's report and notes to financial statements.



**OAI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies**

Organization

OAI, Inc. (OAI) is a not-for-profit Illinois corporation exempt from Federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, and is not considered a private foundation. The OAI has been serving the Chicago metropolitan area with over 25 years of experience in comprehensive workforce development. The mission of OAI is to create a community environment in which all people who desire to do so can access education, training, and employment that will allow them to sustain and enjoy safe, secure, and fulfilling lives.

OAI serves people with significant barriers to obtaining and retaining rewarding employment. Clients include individuals making the transition from welfare to work, at-risk youth, Empowerment Zone (EZ) residents, displaced workers, those in need of additional skills, and anyone with earnings below the poverty line.

OAI programs and services are currently organized into three divisions:

Pre-Employment Division

The Pre-Employment division provides job training, placement and retention services to residents facing multiple challenges in Dallas, Kansas City, and Chicago.

Business and Worker Training Division

The Business and Worker Training division provides worker health & safety training, in compliance with OSHA CFR 1910.120, to emergency first responders, medical first receivers and industry workers who are exposed to hazardous materials. In addition, the division offers customized, cost-effective on-site workforce skills and safety training programs for low-wage and limited English proficient workers employed in various industries, including the Manufacturing, Hospitality and Medical sectors.

OAI Chicago Southland Division

The OAI Chicago Southland division provides job training, placement and retention services to residents facing multiple challenges in the Chicago Southland region.

These three divisions work closely together in the implementation of a nationally recognized Environmental Health and Safety Program. Funding is provided by various federal, state, local, foundation, and fee-for-service sources.

Basis of Accounting

The accounts and financial statements are maintained on the accrual basis of accounting; consequently, revenues are recognized when earned and expenses when the obligation is incurred.

**OAI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Basis of Presentation

OAI reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets, as required by Generally Accepted Accounting Principles (GAAP).

Income Tax Status

OAI, Inc. was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The OAI qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax exempt purpose of OAI and the nature in which it operates is described above. The OAI continues to operate in compliance with its tax exempt purpose.

OAI's annual information and income tax returns filed with the federal and state governments are subject to examination for the years ending June 30, 2012 through 2015.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts and bank collateralized accounts. At June 30, 2015, OAI's cash accounts exceeded federally insured limits by \$24,000.

For purposes of reporting cash flows, OAI considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Expenditures for property and equipment, and items which substantially increase the useful lives of existing assets, are capitalized at cost. OAI provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives as follows:

Furniture and equipment	3 - 5 years
Computer equipment	3 years
Leasehold improvements	10 years

Support and Revenue

OAI reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, OAI reports the support as unrestricted.

**OAI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

OAI reports gifts of land, buildings, equipment or other long-lived assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, OAI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. For the year ending June 30, 2015, OAI did not receive any donations of long-lived assets.

Government Contributions

Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as the condition of eligible expenses is incurred. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required.

Donated Services

Contributed services are recognized at fair value if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended June 30, 2015, OAI received \$12,000 of donated consulting services for the Great Lakes Restoration Initiative.

In-Kind Contributions

In addition to receiving cash contributions, OAI may receive in-kind contributions from various donors. In accordance with generally accepted accounting principles, OAI records the estimated fair value of in-kind donations as either an asset or expense in its financial statements, and similarly records corresponding donations by a like amount. For the year ended June 30, 2015, OAI did not receive any in-kind contributions.

Certain Vulnerabilities and Concentrations

During the year ended June 30, 2015, OAI received approximately 89% of its funding from various government agencies. Following is a breakdown by funding agency of the portion of OAI's revenue from government agencies for the year ending June 30, 2015 and the grants receivable at June 30, 2015:

**OAI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

	<u>% of Total Government Revenue</u>	<u>Government Contributions Receivable</u>
National Institute of Environmental Health Sciences	72%	69%
U.S. Department of Labor	3%	7%
U.S. Environmental Protection Agency	4%	4%
City of Chicago- Department of Transportation	2%	3%
Illinois Department of Commerce and Economic Opportunity	10%	0%
Illinois Dept of Natural Resources	2%	3%
Corp for National and Comm Service (pass through CCT)	7%	14%
	<u>100%</u>	<u>100%</u>

Any change in these funding sources may cause disruption in program activities.

Comparative Information

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**OAI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 2 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2015 are available for the following programs:

Hazardous Worker Training	\$ 104,075
Environmental Careers Worker Training	40,866
Job Training and Economic Development	38,734
OAI Chicago Southland Program	28,159
Pre-employment Education and Training Programs	34,999
	<u>\$ 246,833</u>

**Note 3 – Conditional Promises to Give**

OAI received the following conditional promises to give that are not recognized as assets in the Statement of Financial Position as of June 30, 2015:

	<u>Term</u>	<u>Conditional Promise Amount</u>	<u>Conditions Met as of 6/30/2015</u>	<u>Conditional Promises Available</u>
Conditional Promises to Give Upon Expenditure of Funds:				
National Institute of Environmental Health Services				
Worker Health and Safety Cooperative Agreement	8/1/14 to 7/31/15	\$1,476,370	\$1,304,902	\$ 171,468
U.S. Environment Protection Agency				
Environmental Workforce Development and Job Training Cooperative Agreements	10/1/13 to 9/30/16	200,000	97,530	102,470
United Way of Metropolitan Chicago				
Southland Manufacturing Collaborative	12/1/14 to 9/30/15	85,425	43,725	41,700
Corporation for National and Community Service Pass-through Chicago Community Trust (CCT) Social Innovation Fund				
	4/1/14 to 3/31/16	290,000	138,447	151,553
Total		<u>\$2,051,795</u>	<u>\$1,584,604</u>	<u>\$ 467,191</u>

**OAI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 4 – Property and Equipment**

OAI's property and equipment at June 30, 2015 are as follows:

	<u>Amount</u>
Furniture and equipment	\$ 144,793
Computer equipment and software	124,666
Vehicle	19,245
Leasehold improvements	14,119
	<u>302,823</u>
Accumulated depreciation	(267,694)
Net property and equipment	<u><u>\$ 35,129</u></u>

Depreciation expense amounted to \$30,423 for the year ended June 30, 2015.

**Note 5 – Leases**

OAI leases operating facilities under non-cancellable operating lease arrangements. These leases expire at various dates through January 31, 2026. Rental expense for these leases, included in the Statement of Activities for the year ended June 30, 2015, was \$211,051.

Future minimum annual rental payments required under these operating leases are as follows:

<u>June 30,</u>	<u>Amount</u>
2016	\$ 191,638
2017	176,090
2018	174,036
2019	177,791
2020	181,536
Thereafter	<u>1,082,836</u>
Total	<u><u>\$ 1,983,927</u></u>

**Note 6 – Lines of Credit**

OAI is obligated for credit cards issued in its name. At June 30, 2015, OAI's total line of credit available related to these credit cards was \$25,000, of which \$22,169 was outstanding and included in accounts payable.

**OAI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 7 – Retirement Plan**

OAI maintains a 401(k) defined contribution plan for the benefit of all of its employees which allows for both employee and employer contributions. OAI matches up to 50 percent of the participating employee's contribution which does not exceed six percent of their compensation. OAI contributed and expensed \$19,185 for the year ending June 30, 2015.

**Note 8 – Refundable Advances**

Refundable advances as of June 30, 2015, consist of the following advances from government sources, which are to be expended in the future on the indicated programs or repaid as directed by funders:

Illinois Department of Commerce and Economic Opportunity	
Job Training and Economic Development	\$ 57,099
Eliminate the Digital Divide	<u>48,616</u>
	<u>\$ 105,715</u>

**Note 9 – Subsequent Events**

For the fiscal year ended June 30, 2015, OAI's management has evaluated subsequent events through December 21, 2015, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed through that date, except for the following:

On August 1, 2015, OAI relocated its office to Suite 750 within the same building, extending the lease to now terminate on January 31, 2026. Future minimum annual rental payments required are presented in Note 5 of the financial statements.

## **SUPPLEMENTARY INFORMATION**



**OAI, INC.****SCHEDULE OF EXPENSES BY PROGRAM****For the Year Ended June 30, 2015 (with comparative totals for 2014)**

	Pre- Employment Program	Business & Worker Training Program	OAI Chicago Southland Program	2015 Total Program Services	2014 Total Program Services
Salaries	\$ 268,091	\$ 271,250	\$ 206,305	\$ 745,646	\$ 755,217
Fringe benefits and related taxes	80,869	82,291	63,059	226,219	245,625
Total salaries and related expenses	<u>348,960</u>	<u>353,541</u>	<u>269,364</u>	<u>971,865</u>	<u>1,000,842</u>
Sub-recipients	94,015	-	-	94,015	78,472
Contract services	98,033	61,843	60,908	220,784	186,331
Contractual trainers	138,025	104,998	1,563	244,586	281,331
Professional fees	216	169	186	571	535
Supporting services	32,648	20	2,376	35,044	40,350
Donated services	-	-	12,000	12,000	-
Client services	4,978	-	59,390	64,368	22,872
Transportation expense	12,943	25,850	12,637	51,430	38,554
Seminar fees	5,474	2,047	1,108	8,629	1,179
Meeting expense	799	777	742	2,318	2,292
Occupancy, other than depreciation	96,580	86,906	27,633	211,119	222,729
Telephone	3,042	3,088	280	6,410	5,557
Supplies	11,378	21,362	13,491	46,231	22,840
Computer expense	-	-	-	-	1,793
Equipment purchases under \$5,000	6,501	1,754	1,550	9,805	6,556
Equipment rental, repair and maintenance	3,747	3,808	1,246	8,801	7,886
Insurance	2,265	2,306	1,964	6,535	5,657
Postage and shipping	208	2,002	82	2,292	1,273
Dues and subscriptions	2,110	999	1,635	4,744	3,401
Miscellaneous	-	828	-	828	-
Total expenses before depreciation	<u>861,922</u>	<u>672,298</u>	<u>468,155</u>	<u>2,002,375</u>	<u>1,930,450</u>
Depreciation	<u>10,301</u>	<u>9,440</u>	<u>7,262</u>	<u>27,003</u>	<u>32,609</u>
<b>Total Expenses</b>	<u><u>\$ 872,223</u></u>	<u><u>\$ 681,738</u></u>	<u><u>\$ 475,417</u></u>	<u><u>\$ 2,029,378</u></u>	<u><u>\$ 1,963,059</u></u>

See independent auditor's report and notes to financial statements.

**REPORTS REQUIRED BY  
OMB CIRCULAR A-133**

**OAI, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Disbursements or Expenditures</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
NIEHS Hazardous Waste Worker Health and Safety Training			
August 1, 2014 to July 31, 2015	93.142	5 U45 ES007850-20	\$ 1,304,902
August 1, 2013 to July 31, 2014	93.142	5 U45 ES007850-19	<u>152,956</u>
<b>Total U.S. Department of Health and Human Services</b>			(1) <u>1,457,858</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
Environmental Workforce Development and Job Training Cooperative Agreements			
October 1, 2013 to September 30, 2016	66.815	JT-00E01233-0	71,731
October 1, 2013 to September 30, 2014	66.815	JT-00E00952-0	<u>20,836</u>
			<u>92,567</u>
Passed through the Illinois Department of Natural Resources Great Lakes Program			
September 1, 2013 to May 31, 2015	66.469	USEPA 1205B	<u>31,810</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>124,377</u>
<b><u>U.S. Department of Labor</u></b>			
Passed through the Business and Career Services WIA/WIOA Youth Activities			
July 1, 2014 to June 30, 2015	17.259	NA	<u>58,266</u>
<b>Total U.S. Department of Labor</b>			<u>58,266</u>
<b><u>Corporation for National and Community Service</u></b>			
Passed through the Chicago Community Trust Social Innovation Fund			
April 1, 2014 to March 31, 2016	94.019	10SIHMAOO1	<u>136,419</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,776,920</u>

(1) Major Program

See independent auditor's report and notes to financial statements.

**OAI, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2015**

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the Federal grant activity of OAI, Inc. under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of OAI, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of OAI, Inc.

**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 OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**Note 3 – Sub-Recipients**

Of the Federal expenditures presented in the Schedule, OAI provided federal awards to sub-recipients during the year ended June 30, 2015 as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Amount Provided to Sub-Recipients</u>
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	\$ 94,015

**Note 4 – Non-Cash Awards**

OAI, Inc. did not have any outstanding Federal loans or loan guarantees at June 30, 2015, and did not receive any Federal non-cash awards or insurance assistance for reimbursement losses during the year ended June 30, 2015.



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**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 of  
OAI, Inc.  
Chicago, Illinois

We have audited in accordance with auditing standards 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 OAI, Inc. (OAI), 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, and have issued our report thereon dated December 21, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered OAI'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 OAI's internal control. Accordingly, we do not express an opinion on the effectiveness of OAI's internal control.

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

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether OAI's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of OAI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OAI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Desmond & Ahern, Ltd*

December 21, 2015  
Chicago, IL



# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**Independent Auditor's Report on Compliance for Each Major  
Federal Program and Report on Internal Control Over Compliance  
Required by OMB Circular A-133**

To the Board of Directors  
OAI, Inc.  
Chicago, Illinois

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

We have audited OAI, Inc.'s (OAI) 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 OAI's major federal programs for the year ended June 30, 2015. OAI'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 OAI'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 OAI'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 OAI's compliance.

### ***Unmodified Opinion on Each of the Major Federal Programs***

In our opinion, OAI 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.

### ***Report on Internal Control over Compliance***

Management of OAI 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 OAI'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 OAI's internal control over compliance.

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

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

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

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

*Desmond & Ahern, Ltd*

December 21, 2015  
Chicago, IL



**OAI, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2015**

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  no
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  no

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of Circular A-133? \_\_\_\_\_ yes  X  no

**Certification of Major Programs**

CFDA Number

Name of Federal Program or Cluster

93.142

NIEHS Hazardous Waste Worker Health and Safety Training

Dollar threshold used to distinguish between type A and type B Programs: \$300,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**OAI, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2015**

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV - Prior Year Federal Award Findings and Questioned Costs**

None