

**JOBTRAIN, INC.**  
**MENLO PARK, CALIFORNIA**

**FINANCIAL STATEMENTS  
AND  
SINGLE AUDIT REPORT**

**JUNE 30, 2015**

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	Exhibit A 4
Statements of Functional Expenses	Exhibit B 5
Statements of Cash Flows	Exhibit C 6
Notes to Financial Statements	7-16
Supplemental Information:	
Child Development Programs - General Information	Schedule 1 17
Combining Schedule of Activities	Schedule 2 18
Schedule of Expenses by State Categories	Schedule 3 19
Schedule of Reimbursable Equipment Expenditures	Schedule 4 20
Schedule of Reimbursable Expenditures for Renovations and Repairs	Schedule 5 21
Schedule of Reimbursable Administrative Costs	Schedule 6 22
Schedule of Reimbursable Start-Up Expenses	Schedule 7 23
Audited Attendance and Fiscal Reports - CSPP-4497	Schedules 8-9 24-25
Summary of Claim	Schedule 10 26
Schedule of Reported, Adjusted and Allowed Meals and Earned Reimbursement	Schedules 11-13 27-29
Schedule of Reported, Adjusted and Allowed Eligibility	Schedule 14 30
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32

TABLE OF CONTENTS (concluded)

	<u>PAGE</u>
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	33-34
Schedule of Expenditures of Federal Awards	35-36
Notes to the Schedule of Expenditures of Federal Awards	37
Schedule of Findings and Questioned Costs	38
Status of Prior Year Findings and Recommendations	39

INDEPENDENT AUDITORS' REPORT

Board of Directors  
JobTrain, Inc.  
Menlo Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of JobTrain, Inc., 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 organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JobTrain, 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.

Report on Summarized Comparative Information

We have previously audited JobTrain, Inc.'s 2014 financial statements, and our report dated October 7, 2014, expressed an unmodified opinion on those audited financial statements. 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 Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary data in schedules 1 through 14 is presented for purposes of additional analysis and is not a required part of the financial statements. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015 on our consideration of JobTrain, 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 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 JobTrain, Inc.'s internal control over financial reporting and compliance.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
November 10, 2015

JobTrain, Inc.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2015  
(With Comparative Totals for June 30, 2014)

	2015	2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,385,914	\$ 1,300,864
Investments	1,264,328	1,506,399
Grants receivable	322,182	293,058
Pledges receivable	77,139	178,236
Prepaid expenses and other current assets	30,703	33,976
Total current assets	4,080,266	3,312,533
Non-current assets:		
Fixed assets, net of accumulated depreciation	2,520,616	2,762,553
Total non-current assets	2,520,616	2,762,553
Total assets	\$ 6,600,882	\$ 6,075,086
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 219,662	\$ 133,504
Accrued payroll and benefits	270,027	302,432
Deferred revenue	281,700	40,000
Other current liabilities	353,837	-
Capital lease obligation, current portion	34,519	32,514
Total current liabilities	1,159,745	508,450
Long-term liabilities:		
Capital lease obligation, net of current portion	82,270	116,789
Notes payable	300,000	300,000
Total long-term liabilities	382,270	416,789
Total liabilities	1,542,015	925,239
Net assets - Exhibit A:		
Unrestricted:		
Board designated	315,648	386,519
Other unrestricted	2,828,506	2,933,594
Temporarily restricted	1,914,713	1,829,734
Total net assets	5,058,867	5,149,847
Total liabilities and net assets	\$ 6,600,882	\$ 6,075,086

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

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Revenues:				
Government grants	\$ 2,364,043	\$ -	\$ 2,364,043	\$ 2,680,391
Foundation grants	548,000	368,769	916,769	859,898
Individual contributions	702,150	-	702,150	750,337
Corporate contributions	132,500	23,800	156,300	107,800
Special events	701,509	-	701,509	768,630
Earned revenue	17,383	-	17,383	35,820
In-kind contributions	106,859	26,112	132,971	215,772
Other revenue	446,986	18,064	465,050	417,314
Net assets released from restrictions	351,766	(351,766)	-	-
Total revenues	<u>5,371,196</u>	<u>84,979</u>	<u>5,456,175</u>	<u>5,835,962</u>
Expenses:				
Program services:				
Educational and related services	4,091,354	-	4,091,354	4,252,700
Child development center	379,374	-	379,374	361,369
Supportive services:				
Administration	311,417	-	311,417	430,668
Fundraising	765,010	-	765,010	687,739
Total expenses	<u>5,547,155</u>	<u>-</u>	<u>5,547,155</u>	<u>5,732,476</u>
Change in net assets	(175,959)	84,979	(90,980)	103,486
Net assets, beginning of period	<u>3,320,113</u>	<u>1,829,734</u>	<u>5,149,847</u>	<u>5,046,361</u>
Net assets, end of period	<u>\$ 3,144,154</u>	<u>\$ 1,914,713</u>	<u>\$ 5,058,867</u>	<u>\$ 5,149,847</u>

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

JobTrain, Inc.  
STATEMENTS OF FUNCTIONAL EXPENSES  
 For the Year Ended June 30, 2015  
 (With Comparative Totals for the Year Ended June 30, 2014)

	<u>Program Services</u>		<u>Supportive Services</u>		<u>Total 2015</u>	<u>Total 2014</u>
	<u>Educational and Related Services</u>	<u>Child Development Center</u>	<u>Admin-- istration</u>	<u>Fundraising</u>		
Expenses:						
Payroll	\$ 2,309,009	\$ 224,013	\$ 26,393	\$ 389,572	\$ 2,948,987	\$ 2,971,287
Payroll costs	532,515	58,003	31,351	77,133	699,002	782,837
Client support	39,330	12,100	-	-	51,430	53,451
Training and educational	347,823	3,915	14,032	45	365,815	280,959
Employee training and travel	23,444	564	903	1,113	26,024	45,860
Taxes, insurance and fees	54,207	6,482	74,642	8,510	143,841	143,361
Repairs and maintenance	63,206	997	15,123	1,687	81,013	40,740
Lease charges	21,572	2,003	1,504	2,092	27,171	34,799
Supplies and services	316,358	24,073	106,299	19,223	465,953	544,829
Utilities	122,163	14,835	9,281	13,780	160,059	178,573
Fundraising	435	48	683	186,946	188,112	236,841
Depreciation	238,831	28,992	18,936	28,328	315,087	368,906
Other expenses	22,461	3,349	12,270	36,581	74,661	50,033
 Total expenses	 <u>\$ 4,091,354</u>	 <u>\$ 379,374</u>	 <u>\$ 311,417</u>	 <u>\$ 765,010</u>	 <u>\$ 5,547,155</u>	 <u>\$ 5,732,476</u>

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



## STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets from operations	\$ (90,980)	\$ 103,486
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind contribution of assets	-	(74,310)
Depreciation	315,087	368,906
Net realized/unrealized (gains) and losses on investments	49,662	(189,935)
Gain on disposal of fixed assets	-	(5,882)
Changes in certain assets and liabilities:		
Grants receivable	(29,124)	147,867
Pledges receivable	101,097	45,105
Prepaid expenses and other current assets	3,273	(16,216)
Accounts payable	86,158	(27,553)
Accrued payroll and benefits	(32,405)	(4,078)
Deferred compensation	-	(161,475)
Deferred revenue	241,700	-
Other current liabilities	353,837	-
Net cash provided by operating activities	<u>998,305</u>	<u>185,915</u>
Cash flows from investing activities:		
Purchase of investments	(66,904)	(111,993)
Sale of investments	259,313	258,290
Acquisition of fixed assets	(73,150)	(152,762)
Net cash used by investing activities	<u>119,259</u>	<u>(6,465)</u>
Cash flows from financing activities:		
Payments on capital lease obligation	(32,514)	(25,647)
Net cash used by financing activities	<u>(32,514)</u>	<u>(25,647)</u>
Net increase in cash during the year	1,085,050	153,803
Cash balance, beginning of period	<u>1,300,864</u>	<u>1,147,061</u>
Cash balance, end of period	<u>\$ 2,385,914</u>	<u>\$ 1,300,864</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 8,074</u>	<u>\$ 8,176</u>
Noncash activities:		
Disposition of fixed assets	<u>\$ 149,538</u>	<u>\$ 45,589</u>
Noncash investing and financing transaction:		
Lease of equipment		
Equipment	\$ -	\$ 174,950
Capital lease obligation	\$ -	\$ (174,950)

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 - GENERAL

A. Organization

Opportunities Industrialization Center-West (OICW) was incorporated on September 3, 1965 as a non-profit organization in the State of California. On October 20, 2008, OICW amended its articles of incorporation under a new name, JobTrain, Inc. (the Organization). The Organization provides job-training services primarily in San Mateo and Santa Clara Counties for adults and educational programs for the care of children outside of their homes. The Organization is both publicly and privately funded; having programs and contracts with Federal and state agencies and also receiving funds from private donations and nonsubsidized fees. The purpose of the Organization is to provide economic opportunity to under-privileged persons through both life skills and vocational training.

The Organization is an educational resource established to conduct job training and placement for the purpose of assisting people to attain skills and techniques which will enable them to improve their economic conditions.

The Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

B. Program Services

**Educational and Related Services** - These programs are for job training and placement services for adults and youth. These programs offer everything from full-time vocational training to after-school classes, summer internships, General Education Development (GED) preparation, English as a Second Language (ESL), and lifetime job placement for trainees.

**Child Development Centers** - This program offers care and education for preschoolers at the Organization's state licensed Child Development Centers. The Organization's highly experienced staff uses High/Scope and Montessori techniques to nurture and stimulate the children's development.

C. Administration Services

Administration services represent management and general expenses, indirect costs, and the administrative costs portion of program services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of a period. Grants are recognized as revenue when earned in accordance with the terms of each grant or agreement.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

The statements are presented in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-205), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Unrestricted Net Assets

Unrestricted net assets generally result from revenues obtained by providing services, receiving unrestricted contributions, and receiving interest and dividends from income-producing assets. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization and the purposes specified in its Articles of Incorporation or Bylaws and limits resulting from contractual agreements entered into by the Organization in the course of its operations.

D. Temporarily Restricted Net Assets

The Organization reports donations and other assets as restricted if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires or the 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.

E. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and short-term marketable securities with a maturity of three months or less.

F. Investments

The Organization invests in marketable securities, money market funds, and certificates of deposit. All debt securities and equity securities are carried at quoted market prices as of the last trading date of the Organization's fiscal year. Contributions of public stock are recorded at quoted market prices at the date of donation. The Organization sells donated securities received as soon as reasonably possible. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted cost basis. Adjusted cost is the estimated fair value of the security at the beginning of the year, or the cost if purchased during the year. Dividend and interest income are accrued when earned. Certificates of deposit have a maturity term of 180 days and are carried at the face value of the deposited amount. Interest accrued on the deposits through the date of the financial statements is included in the financial statements.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Investment in Joint Venture

In April 2015, the Organization entered into a joint venture agreement named WISE SV Fund, LLC (WISE) with Calso Community, Inc., a non-profit organization under Section 501(c)(3) of the Internal Revenue Code. The purpose of the joint venture will be to form and manage a series of social ventures which will (i) provide paid work experience in a supportive environment to further the career opportunities of people who have barriers to employment and (ii) enhance economic opportunities in communities in California that benefit low income people with fewer career options.

The Organization owns 50% of the outstanding capital stock of WISE. The Organization contributed \$500 in April 2015 and there has been no activity during the year ended June 30, 2015. The investment in joint venture will be accounted for by the equity method. Under the equity method, the difference, if any, between the amount at which the investment is carried and the amount of the underlying equity in net assets is recognized as investment in joint venture.

H. Grants Receivable

The Organization receives awards from the federal government for specific programs. Substantially all of the Organization's Federal award revenue is derived from cost reimbursement grants, which are billed to the grantor after costs have been incurred. Federal award revenue and unbilled Federal awards are recognized to the extent the related costs are incurred.

The Organization has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that all receivables will be collected.

I. Pledges Receivable

The Organization accounts for pledges receivable in accordance with the recommendations of FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*. Under FASB ASC 958, pledges receivable are either unconditional or conditional. Unconditional pledges are pledges that depend only on the passage of time or the demand by the pledge for performance. A conditional pledge is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional pledges represent the remaining pledges due from the donors who have pledged funds to the Organization for use in its programs.

The Organization did not provide a reserve against pledges receivable and believes the amounts to be fully collectible. The Organization has not recorded the discount to net present value because the amount was considered immaterial.

J. Fixed Assets

Purchased property and equipment are stated at cost. Acquisitions of property and equipment in excess of \$5,000 are capitalized. Significant donated property and equipment is recorded at estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to twenty-five years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Functional Expense Allocations

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated, principally on a direct cost basis, among the classifications.

L. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents, investments, and pledges receivable.

The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. At times, such amounts might exceed Federal Deposit Insurance Corporation (FDIC) limits. The Organization's investments have been placed with high quality financial institutions. The Organization monitors these investments and has not experienced credit losses.

The credit risk in pledges receivable is mitigated by the fact that generally the pledges are made by local donors and are evaluated by the Organization based on the knowledge of the donors. Additionally, any pledges receivable that are expected to be collected after one year have been discounted and are reflected in the financial statements at its net present value. It is the Organization's opinion that it is not exposed to any significant credit risks.

M. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

N. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

O. Contingencies

The Organization participates in federal grants, the principal of which is the U.S. Department of Labor. Disbursement of funds received under this grantor agency requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

P. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

Q. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 10, 2015, the date the financial statements were available to be issued.

The following events and transactions occurred subsequent to June 30, 2015:

On September 1, 2015, the note payable with San Mateo County was amended to state that upon maturity of the note, the entirety of the loan shall be forgiven provided that the Organization has continuously met all conditions of the said Agreement. See Note 11 for more details.

In November 2015, the other current liabilities which represent funds held on behalf of WISE in the amount of \$353,837 have cleared. See Note 9 for more details.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2015. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 4 - CASH

Cash balances at June 30, 2015 are as follows:

	2015	2014
Wells Fargo Bank	\$ 1,554,253	\$ 585,237
Vanguard	10,261	10,260
Charles Schwab	820,900	704,867
Petty cash	500	500
Total	<u>\$ 2,385,914</u>	<u>\$ 1,300,864</u>

The bank balances were insured under the \$250,000 blanket umbrella by the FDIC. The remaining balances were uninsured and held by the financial institutions in the Organization's name. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

NOTE 5 - INVESTMENTS

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

	Charles Schwab Facilities Reserve	Charles Schwab 21 <sup>st</sup> Century Campaign	Investment in Joint Venture	Total
Account balances as of 6/30/14	\$ 295,078	\$ 1,211,321	\$ -	\$ 1,506,399
Transfers in/deposits	-	6,012	500	6,512
Unrealized gains (losses)	(2,826)	(46,836)	-	(49,662)
Dividends and interest	4,902	55,490	-	60,392
Transfers out/withdrawals	(185,732)	(73,581)	-	(259,313)
Account balances as of 6/30/15	<u>\$ 111,422</u>	<u>\$ 1,152,406</u>	<u>\$ 500</u>	<u>\$ 1,264,328</u>
Bond Funds	\$ 111,422	\$ 306,626	\$ -	\$ 418,048
Equity Funds	-	835,273	-	835,273
Other Assets	-	10,507	500	11,007
Total	<u>\$ 111,422</u>	<u>\$ 1,152,406</u>	<u>\$ 500</u>	<u>\$ 1,264,328</u>

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE (concluded)

FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those investments.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2015:

Level 1: Quoted prices	\$ 1,263,828
Level 2: Other significant observable inputs	500
Level 3: Significant unobservable inputs	<u>-</u>
Total	<u>\$ 1,264,328</u>

FSP FAS 157-4 which supersedes FSP FAS 157-3 provides further clarification on SFAS 157 in determining an inactive market and a non-distressed transaction. The above investments for June 30, 2015 are further classified in accordance with FSP FAS 157-4 as follows:

	Total Investment	Level 1	Level 2	Level 3
Bond Funds	\$ 418,048	\$ 418,048	\$ -	\$ -
Equity Funds	835,273	835,273	-	-
Other Assets	11,007	10,507	500	-
Total	\$ 1,264,328	\$ 1,263,828	\$ 500	\$ -

NOTE 7 - FIXED ASSETS

Fixed assets as of June 30, 2015 are as follows:

	Years	2015	2014
Land	N/A	\$ 993,669	\$ 993,669
Buildings	25	2,050,236	2,050,236
Building improvements	25	2,194,391	2,121,241
Leasehold improvements	25	60,000	60,000
Furniture, equipment & vehicles	5	<u>1,383,242</u>	<u>1,532,781</u>
Total		6,681,538	6,757,927
Less accumulated depreciation		<u>(4,160,922)</u>	<u>(3,995,374)</u>
Fixed assets, net		<u>\$ 2,520,616</u>	<u>\$ 2,762,553</u>



JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 7 - FIXED ASSETS (concluded)

Depreciation expense was \$315,087 and \$368,906 for the years ended June 30, 2015 and June 30, 2014, respectively.

NOTE 8 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$135,695 and \$147,497 as of June 30, 2015 and June 30, 2014, respectively.

NOTE 9 - OTHER CURRENT LIABILITIES

Other current liabilities represent funds held on behalf of WISE. The amount of funds held on behalf of WISE was \$353,837 and \$0 as of June 30, 2015 and June 30, 2014, respectively. These pass-through funds have cleared in November 2015.

NOTE 10 - CAPITAL LEASE OBLIGATION

The Organization has entered into a capital lease agreement for office equipment with a cost of \$174,950 and related accumulated amortization of \$64,148. The lease, which expires in September 2018, requires monthly payments of \$3,382, and bears interest at approximately 6% per annum.

At June 30, 2015, the present value of the future minimum annual obligations under the agreement is as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016 (current portion)	\$ 34,519	\$ 6,068
2017	36,648	3,939
2018	38,908	1,679
2019	<u>6,714</u>	<u>51</u>
Total	<u>\$ 116,789</u>	<u>\$ 11,737</u>

Total interest paid on the capital lease obligation was \$8,074 and \$8,176 for the years ended June 30, 2015 and June 30, 2014, respectively.

NOTE 11 - NOTES PAYABLE

In December 1993, the Organization obtained a secured note payable with San Mateo County in the amount of \$300,000 with no interest, payable in full (plus 10% of the realized appreciation of property) in February 2024 or upon sale of the property. The note is collateralized by the building located at 1200 O'Brien Drive, Menlo Park. A condition of the loan is that the Organization must provide space in their facility to a specified third party, free of rent. In lieu of interest, the Organization will pay to San Mateo County 10% of the realized appreciation of the property upon disposition. Based upon management's estimate of current fair market value, this participation amount is not considered to be material.

On September 1, 2015, the note was amended to state that upon maturity of the note, the entirety of the loan shall be forgiven provided that the Organization has continuously met all conditions of the said Agreement.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 - LINE OF CREDIT

In October 2010, the Organization obtained a line of credit with Wells Fargo Bank in the amount of \$200,000, which has been renewed with an expiration date of December 1, 2014. The interest on the used portion of this line is 2.00% over the bank's index rate. As of June 30, 2014, the balance on the line of credit was \$0.

In March 2015, the Organization obtained a line of credit with Wells Fargo Bank in the amount of \$300,000 with an expiration date of April 15, 2017. The interest on the used portion of this line is 1.25% over the bank's index rate. As of June 30, 2015, the balance on the line of credit was \$0.

NOTE 13 - UNRESTRICTED NET ASSETS - BOARD DESIGNATED

Unrestricted net assets as of June 30 were designated by the Board for the following purposes:

	<u>2015</u>	<u>2014</u>
Facility Fund	<u>\$ 315,648</u>	<u>\$ 386,519</u>

The assets related to the Facility Fund as shown on the Statement of Financial Position are as follows:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents - Charles Schwab	\$ 204,226	\$ 91,440
Investments - Charles Schwab	<u>111,422</u>	<u>295,079</u>
Total	<u>\$ 315,648</u>	<u>\$ 386,519</u>

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30 were available for the following purposes:

	<u>2015</u>	<u>2014</u>
Program services	\$ 145,635	\$ 2,750
21 <sup>st</sup> Century Campaign - Sustainability Fund	1,484,981	1,540,681
21 <sup>st</sup> Century Campaign - Special Initiatives	284,097	284,067
Legacy Fund	<u>-</u>	<u>2,236</u>
Total	<u>\$ 1,914,713</u>	<u>\$ 1,829,734</u>

The assets related to the temporarily restricted net assets as shown on the Statement of Financial Position are as follows:

	<u>2015</u>	<u>2014</u>
Program services:		
Cash and cash equivalents - Wells Fargo Bank	<u>\$ 145,635</u>	<u>\$ 2,750</u>
21 <sup>st</sup> Century Campaign - Sustainability Fund:		
Cash and cash equivalents - Charles Schwab	332,575	329,360
Investments - Charles Schwab	<u>1,152,406</u>	<u>1,211,321</u>
Subtotal	<u>1,484,981</u>	<u>1,540,681</u>
21 <sup>st</sup> Century Campaign - Special Initiatives:		
Cash and cash equivalents - Charles Schwab	<u>284,097</u>	<u>284,067</u>
Legacy Fund:		
Cash and cash equivalents - Wells Fargo Bank	<u>-</u>	<u>2,236</u>
Total	<u>\$ 1,914,713</u>	<u>\$ 1,829,734</u>

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS (concluded)

**The 21<sup>st</sup> Century Campaign Sustainability Fund** is a long-term restricted fund for the Organization, which will provide a strong capital base, annual interest income to the operating budget, and a vehicle to consolidate estate gifts for the future of the Organization. The Organization has been transforming lives in the community for 50 years, and has earned its position in the community as a trusted educator and resource to help those most in need succeed.

**The 21<sup>st</sup> Century Campaign Special Initiatives Fund** is a reserve set up to allow the Organization to respond quickly to emerging industries and changes in the workforce through program development and expansion. By remaining ahead of industry trends and providing relevant vocational training, the Organization will continue to be highly effective in reducing unemployment and building community.

**The Legacy Fund** was established in the retiring Executive Director's name to fund life skills training, successor planning and transitioning. The money was used for this purpose.

NOTE 15 - PENSION PLAN

The Organization has a defined contribution plan under Section 403(b) of the Internal Revenue Code, (the Plan) for all employees with 1,000 hours of service during a full year. The Organization contributes up to 4% of gross salaries for all eligible employees, as defined, on a monthly basis. Pension expense related to the Plan was \$52,342 and \$37,346 for the years ended June 30, 2015 and June 30, 2014, respectively.

NOTE 16 - RELATED PARTY TRANSACTIONS

The Organization's volunteer members of the Board of Directors are active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board of Directors or from companies with which the Board of Directors are affiliated were \$211,307 and \$453,223 for the years ended June 30, 2015 and June 30, 2014, respectively. The contributions from the Board of Directors were lower this year because in previous years, there was a large contribution from a company with which a Board Member was affiliated but there was no Board Member affiliation with the company this year. However, the company contribution remained the same.

NOTE 17 - CHANGE IN NET ASSETS BEFORE DEPRECIATION

The following schedule represents the change in net assets before depreciation as of June 30:

	<u>2015</u>	<u>2014</u>
Total revenues	\$ 5,456,175	\$ 5,835,962
Total expenses, excluding depreciation*	<u>(5,232,068)</u>	<u>(5,363,570)</u>
Change in net assets before depreciation	<u>\$ 224,107</u>	<u>\$ 472,392</u>

\*Depreciation expense of \$315,087 and \$368,906 for the years ended June 30, 2015 and June 30, 2014, respectively, was excluded from total expenses.

JobTrain, Inc.  
CHILD DEVELOPMENT PROGRAMS - GENERAL INFORMATION  
June 30, 2015

Schedule 1

Organization name:	JobTrain, Inc.
Program name and contract number:	
41-1663-3A CSPP-3506	Child and Adult Care Food Program California State Preschool
Type of Organization:	Nonprofit Public Benefit Corporation
Address of Organization:	1200 O'Brien Drive, Menlo Park, CA 94025
Executive Director:	Nora Sobolov
Program Director:	Alonzo Emery
Finance Director:	Christal Lee
Telephone number:	(650) 330-6429
Report covered:	July 01, 2014 through June 30, 2015
Days of operation:	247 days
Hours of operation:	6:30 AM - 5:00 PM
Total hours of operation:	10.5

COMBINING SCHEDULE OF ACTIVITIES

Child Development Centers  
For the Year Ended June 30, 2015

	<u>CSPP-4497</u>		
	California		
	State	Non-CDE	
	Preschool	Programs	Total
Revenues:			
Government contracts - non-CDE	\$ -	\$ 2,135,344	\$ 2,135,344
Government contracts - CDE	206,908	-	206,908
Child care food program #41-1663-3A	21,791	-	21,791
Subtotal government contracts	228,699	2,135,344	2,364,043
Unrestricted contributions and other income	57,230	3,007,988	3,065,218
Family fees - certified children	17,383	-	17,383
Interest income	12	9,519	9,531
Total revenues	<u>303,324</u>	<u>5,152,851</u>	<u>5,456,175</u>
Expenses:			
Salaries	211,544	2,309,009	2,520,553
Employee benefits	54,742	532,515	587,257
Books and supplies	23,237	183,387	206,624
Rents and leases	2,003	21,572	23,575
Other operating expenses	38,159	609,863	648,022
Building repairs and maintenance	997	63,206	64,203
Depreciation	28,992	238,831	267,823
In-kind contributions expense	-	132,971	132,971
General, administrative, and indirect	19,700	1,076,427	1,096,127
Total expenses	<u>379,374</u>	<u>5,167,781</u>	<u>5,547,155</u>
Change in net assets	<u>\$ (76,050)</u>	<u>\$ (14,930)</u>	<u>\$ (90,980)</u>

SCHEDULE OF EXPENSES BY STATE CATEGORIES

Child Development Centers  
For the Year Ended June 30, 2015

	<u>CSPP-4497</u>
	California
	State
	<u>Preschool</u>
Expenses:	
Direct payments to providers	\$ -
1000 Certificated salaries	193,424
2000 Classified salaries	30,589
3000 Employee benefits	58,003
4000 Books and supplies	24,073
5000 Services and other operating expenses	44,293
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Depreciation on assets not purchased with public funds	28,992
Start-up expenses - service level exemption	-
Indirect costs	-
Total expenses claimed for reimbursement	<u>379,374</u>
Total supplemental expenses	-
Total expenses	<u><u>\$ 379,374</u></u>

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the Organization were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES

Child Development Centers  
For the Year Ended June 30, 2015

	<u>CSPP-4497</u>
	California State Preschool
	<u>Preschool</u>
<u>Unit Cost Under \$7,500 Per Item:</u>	
None	\$ -
Subtotal	<u>-</u>
 <u>Unit Cost Over \$7,500 Per Item With Prior Written Approval:</u>	
None	<u>-</u>
Subtotal	<u>-</u>
 <u>Unit Cost Over \$7,500 Per Item Without Prior Approval:</u>	
None	<u>-</u>
Subtotal	<u>-</u>
 Total	<u><u>\$ -</u></u>

SCHEDULE OF REIMBURSABLE EXPENDITURES  
FOR RENOVATIONS AND REPAIRS  
 Child Development Centers  
 For the Year Ended June 30, 2015

	CSPP-4497
	California State Preschool
<u>Unit Cost Under \$10,000 Per Item:</u>	
None	\$ -
Subtotal	-
 <u>Unit Cost \$10,000 or More Per Item With Prior Written Approval:</u>	
None	-
Subtotal	-
 <u>Unit Cost \$10,000 or More Per Item Without Prior Written Approval:</u>	
None	-
Subtotal	-
Total	\$ -



SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS

Child Development Centers  
For the Year Ended June 30, 2015

	<u>CSPP-4497</u>
	California State Preschool
	<u>Preschool</u>
Reimbursable administrative costs:	
Salaries	\$ 12,469
Employee benefits	3,261
Books and supplies	836
Services and other operating expenses	3,134
Depreciation on non-CDE-funded assets used in program	-
Indirect costs	<u>-</u>
 Total reimbursable administrative costs	 <u><u>\$ 19,700</u></u>

SCHEDULE OF REIMBURSABLE START-UP EXPENSES

Child Development Centers  
For the Year Ended June 30, 2015

	<u>CSPP-4497</u>
	California State Preschool
	<u>Preschool</u>
Reimbursable start-up expenses:	
1000 Certificated salaries	\$ -
2000 Classified salaries	-
3000 Employee benefits	-
4000 Books and supplies	-
5000 Services and other operating expenses	-
Subtotal	-
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Total reimbursable start-up expenses	<u>\$ -</u>

**AUDITED ATTENDANCE AND FISCAL REPORT****for California State Preschool Programs**Agency Name: JobTrain, Inc. Vendor No. M322Fiscal Year Ended: June 30, 2015 Contract No. CSPP-4497Independent Auditor's Name: R.J. Ricciardi, Inc.

<b>SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT</b>	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>	<b>COLUMN D</b>	<b>COLUMN E</b>
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	2,055		2,055	1.0000	2,055.000
Three-quarters-time			-	0.7500	-
One-half-time			-	0.6172	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time	3,363		3,363	1.1000	3,699.300
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6172	-
<b>TOTAL DAYS OF ENROLLMENT</b>	5,418	-	5,418		5,754.300
<b>DAYS OF OPERATION</b>	247		247		
<b>DAYS OF ATTENDANCE</b>	5,418		5,418		

 NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs**

Agency Name: JobTrain, Inc. Vendor No. M322

Fiscal Year End: June 30, 2015 Contract No. CSP-4497

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$21,093	\$698	\$21,791
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Other (Specify):			0
<b>Subtotal</b>	\$21,093	\$698	\$21,791
Transfer from Reserve			0
Family Fees for Certified Children	17,383		17,383
Interest Earned on Apportionments	12		12
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify): unrestricted contributions		57,230	57,230
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$38,488	\$57,928	\$96,416

**SECTION IV - REIMBURSABLE EXPENSES**

1000 Certificated Salaries	\$191,186	\$2,238	\$193,424
2000 Classified Salaries	30,589		30,589
3000 Employee Benefits	59,167	(1,164)	58,003
4000 Books and Supplies	6,460	17,613	24,073
5000 Services and Other Operating Expenses	67,450	(23,157)	44,293
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment ( <i>program-related</i> )			0
6500 Replacement Equipment ( <i>program-related</i> )			0
Depreciation or Use Allowance		28,992	28,992
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$354,852	\$24,522	\$379,374
TOTAL ADMINISTRATIVE COSTS (included in section IV above)		\$19,700	\$19,700

FOR CDE-A&I USE ONLY:

**Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:**

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

- YES  
 NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- YES  
 NO - Explain any

COMMENTS - If necessary, attach additional sheets to explain adjustments:

- NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or

JobTrain, Inc.  
 Child Development Centers  
SUMMARY OF CLAIM  
 Agreement No: 41-1663-3A  
 For the Period July 1, 2014 to June 30, 2015

Schedule 10

	Allowed	Paid		
Amount Reimbursable from Federal Fund	\$ 20,691			
Federal Fund Payments to Date		\$ 20,691		
Federal Fund reimbursement Variance (Overpaid)			\$	-
Cash-In-Lieu Reimbursement	1,100	1,100	_____	-
Total Federal Fund Reimbursement Variance (Overpaid):				-
State Meal Compensation	-	-	_____	-
Total Program Reimbursement (State and Federal) Underpayment (Overpayment)			<u>\$</u>	<u>-</u>

## Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED MEALS AND EARNED REIMBURSEMENT

Agreement No: 41-1663-3A

For the Period July 1, 2014 to June 30, 2015

<u>FIXED PERCENTAGE METHOD</u>							
Federal Meal	<u>MEALS</u>			Food Service	Revenue	Audit	Earned
Compensation	Reported	Adjusted	Allowed	Rates	Recognized	Adjustments	Reimbursement
<u>Breakfast</u>							
Free	3,287	-	3,287	\$ 1.6200	\$ 5,325	\$ -	\$ 5,325
Reduced	397	-	397	1.3200	524	-	524
Base	394	-	394	0.2800	110	-	110
Total	<u>4,078</u>	<u>-</u>	<u>4,078</u>		<u>5,959</u>	<u>-</u>	<u>5,959</u>
<u>Lunch</u>							
Free	3,563	-	3,563	\$ 2.9800	10,618	-	10,618
Reduced	441	-	441	2.5800	1,138	-	1,138
Base	441	-	441	0.2800	123	-	123
Total	<u>4,445</u>	<u>-</u>	<u>4,445</u>		<u>11,879</u>	<u>-</u>	<u>11,879</u>
<u>Supplements</u>							
Free	3,246	-	3,246	\$ 0.8200	2,662	-	2,662
Reduced	397	-	397	0.4100	163	-	163
Base	398	-	398	0.0700	28	-	28
Total	<u>4,041</u>	<u>-</u>	<u>4,041</u>		<u>2,852</u>	<u>-</u>	<u>2,852</u>
Total Federal Meal Reimbursement					20,691	-	20,691
Cash-In-Lieu	<u>4,445</u>	<u>-</u>	<u>4,445</u>	\$ 0.2475	1,100	-	1,100
Total Federal Reimbursement					<u>21,791</u>	<u>-</u>	<u>21,791</u>
State Meal Compensation	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	N/A	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Program Reimbursement (State and Federal) Overpaid - Refund due to the State						<u>-</u>	

## Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED MEALS AND EARNED REIMBURSEMENT

Agreement No: 41-1663-3A

For the Period July 1, 2014 to December 31, 2014

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	July 2014			August 2014			September 2014		
<u>Breakfast</u>									
Free	172	-	172	250	-	250	311	-	311
Reduced	66	-	66	28	-	28	33	-	33
Base	67	-	67	27	-	27	33	-	33
Total	<u>305</u>	<u>-</u>	<u>305</u>	<u>305</u>	<u>-</u>	<u>305</u>	<u>377</u>	<u>-</u>	<u>377</u>
<u>Lunch</u>									
Free	228	-	228	304	-	304	311	-	311
Reduced	88	-	88	34	-	34	33	-	33
Base	88	-	88	34	-	34	33	-	33
Total	<u>404</u>	<u>-</u>	<u>404</u>	<u>372</u>	<u>-</u>	<u>372</u>	<u>377</u>	<u>-</u>	<u>377</u>
<u>Supplements</u>									
Free	190	-	190	268	-	268	311	-	311
Reduced	73	-	73	30	-	30	33	-	33
Base	74	-	74	30	-	30	33	-	33
Total	<u>337</u>	<u>-</u>	<u>337</u>	<u>328</u>	<u>-</u>	<u>328</u>	<u>377</u>	<u>-</u>	<u>377</u>
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	October 2014			November 2014			December 2014		
<u>Breakfast</u>									
Free	338	-	338	243	-	243	213	-	213
Reduced	36	-	36	26	-	26	22	-	22
Base	35	-	35	25	-	25	23	-	23
Total	<u>409</u>	<u>-</u>	<u>409</u>	<u>294</u>	<u>-</u>	<u>294</u>	<u>258</u>	<u>-</u>	<u>258</u>
<u>Lunch</u>									
Free	338	-	338	259	-	259	228	-	228
Reduced	36	-	36	27	-	27	24	-	24
Base	35	-	35	27	-	27	24	-	24
Total	<u>409</u>	<u>-</u>	<u>409</u>	<u>313</u>	<u>-</u>	<u>313</u>	<u>276</u>	<u>-</u>	<u>276</u>
<u>Supplements</u>									
Free	323	-	323	240	-	240	191	-	191
Reduced	34	-	34	25	-	25	20	-	20
Base	34	-	34	26	-	26	20	-	20
Total	<u>391</u>	<u>-</u>	<u>391</u>	<u>291</u>	<u>-</u>	<u>291</u>	<u>231</u>	<u>-</u>	<u>231</u>

## Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED MEALS AND EARNED REIMBURSEMENT

Agreement No: 41-1663-3A

For the Period January 1, 2015 through June 30, 2015

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	January 2015			February 2015			March 2015		
<u>Breakfast</u>									
Free	249	-	249	264	-	264	329	-	329
Reduced	26	-	26	28	-	28	35	-	35
Base	26	-	26	28	-	28	34	-	34
Total	<u>301</u>	<u>-</u>	<u>301</u>	<u>320</u>	<u>-</u>	<u>320</u>	<u>398</u>	<u>-</u>	<u>398</u>
<u>Lunch</u>									
Free	289	-	289	293	-	293	337	-	337
Reduced	30	-	30	31	-	31	35	-	35
Base	31	-	31	31	-	31	36	-	36
Total	<u>350</u>	<u>-</u>	<u>350</u>	<u>355</u>	<u>-</u>	<u>355</u>	<u>408</u>	<u>-</u>	<u>408</u>
<u>Supplements</u>									
Free	232	-	232	253	-	253	321	-	321
Reduced	24	-	24	27	-	27	34	-	34
Base	25	-	25	26	-	26	34	-	34
Total	<u>281</u>	<u>-</u>	<u>281</u>	<u>306</u>	<u>-</u>	<u>306</u>	<u>389</u>	<u>-</u>	<u>389</u>
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	April 2015			May 2015			June 2015		
<u>Breakfast</u>									
Free	312	-	312	301	-	301	305	-	305
Reduced	33	-	33	32	-	32	32	-	32
Base	33	-	33	31	-	31	32	-	32
Total	<u>378</u>	<u>-</u>	<u>378</u>	<u>364</u>	<u>-</u>	<u>364</u>	<u>369</u>	<u>-</u>	<u>369</u>
<u>Lunch</u>									
Free	333	-	333	324	-	324	319	-	319
Reduced	35	-	35	34	-	34	34	-	34
Base	35	-	35	34	-	34	33	-	33
Total	<u>403</u>	<u>-</u>	<u>403</u>	<u>392</u>	<u>-</u>	<u>392</u>	<u>386</u>	<u>-</u>	<u>386</u>
<u>Supplements</u>									
Free	312	-	312	301	-	301	304	-	304
Reduced	33	-	33	32	-	32	32	-	32
Base	33	-	33	31	-	31	32	-	32
Total	<u>378</u>	<u>-</u>	<u>378</u>	<u>364</u>	<u>-</u>	<u>364</u>	<u>368</u>	<u>-</u>	<u>368</u>



Child Development Centers  
SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED ELIGIBILITY  
 Agreement No: 41-1663-3A  
 For the Period July 1, 2014 to June 30, 2015

FIXED PERCENTAGE METHOD

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<u>Total Enrolled</u>												
Reported	23	22	23	23	23	23	23	23	23	23	23	23
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	23	22	23	23	23	23	23	23	23	23	23	23
<u>Eligibility Categories</u>												
<u>Free</u>												
Reported	13	18	19	19	19	19	19	19	19	19	19	19
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	13	18	19	19	19	19	19	19	19	19	19	19
<u>Reduced</u>												
Reported	5	2	2	2	2	2	2	2	2	2	2	2
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	5	2	2	2	2	2	2	2	2	2	2	2
<u>Base</u>												
Reported	5	2	2	2	2	2	2	2	2	2	2	2
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	5	2	2	2	2	2	2	2	2	2	2	2

INDEPENDENT AUDITORS' 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

Board of Directors  
JobTrain, Inc.  
Menlo Park, 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 JobTrain, Inc. 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 November 10, 2015.

Internal Control Over Financial Reporting

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

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
November 10, 2015

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

Board of Directors  
JobTrain, Inc.  
Menlo Park, California

Report on Compliance for Each Major Federal Program

We have audited JobTrain, Inc.'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 JobTrain, Inc.'s major federal programs for the year ended June 30, 2015. JobTrain, Inc.'s major federal programs are identified in the summary of auditors' 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 JobTrain, Inc.'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 JobTrain, Inc.'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 JobTrain, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, JobTrain, Inc. 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 JobTrain, Inc. 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 JobTrain, Inc.'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 JobTrain, Inc.'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.

*R. J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
November 10, 2015

JobTrain, Inc.  
Child Development Centers  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015

<u>Grantor</u>	Federal	Grantor's	Award Amount			Expenditures	
	CFDA		Number	Federal	State	Total	Federal
	Number						
<u>U.S. Department of Agriculture:</u>							
Pass through the California State Department of Education:							
Child and Adult Care Food Program	10.558	41-1663-3A	N/A	N/A	N/A	\$ 21,791	\$ -
Total U.S. Department of Agriculture			-	-	-	21,791	-
<u>U.S. Department of Labor:</u>							
Workforce Investment Act (WIA) Cluster:							
Pass through the County of San Mateo:							
WIA Individual Training Account Contracts - Adult	17.258	N/A	N/A	N/A	N/A	26,250	-
WIA Individual Training Account Contracts - Dislocated Worker	17.278	N/A	N/A	N/A	N/A	61,250	-
Peninsula Works - OneStop (Bridge)	17.258	068762	95,000	-	95,000	95,000	-
Peninsula Works - OneStop (Adult and Dislocated Worker)	17.258	068762	325,000	-	325,000	280,809	-
Youth - In and Out-of-School	17.259	068732	40,000	-	40,000	400,000	-
Total pass through the County of San Mateo (WIA Cluster)			460,000	-	460,000	863,309	-
Total U.S. Department of Labor			460,000	-	460,000	863,309	-
<u>U.S. Department of Justice:</u>							
Pass through the County of San Mateo:							
Achieve 180 Program	16.812	41-4101	37,500	-	37,500	18,920	-
Total U.S. Department of Justice			37,500	-	37,500	18,920	-

JobTrain, Inc.  
Child Development Centers  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015

<u>Grantor</u>	Federal	Grantor's	Award Amount			Expenditures	
	CFDA		Number	Federal	State	Total	Federal
	Number						
<u>U.S. Department of Health and Human Services:</u>							
Pass through the Center to Protect Workers Rights:							
Hazardous Waste Worker Training	93.142	2110-31	\$ 171,890	\$ -	\$ 171,890	\$ 163,247	\$ -
Hazardous Waste Worker Training	93.142	2110-25	165,104	-	165,104	8,869	-
Total pass through the Center to Protect Workers Rights			<u>336,994</u>	<u>-</u>	<u>336,994</u>	<u>172,116</u>	<u>-</u>
Pass through the California State Department of Education:							
California State Preschool	93.575	CSPP-3506	37,808	-	37,808	32,459	-
California State Preschool	93.596	CSPP-4497	68,720	124,546	193,266	58,997	115,452
Total pass through the California State Department of Education			<u>106,528</u>	<u>124,546</u>	<u>231,074</u>	<u>91,456</u>	<u>115,452</u>
Total U.S. Department of Health and Human Services			<u>443,522</u>	<u>124,546</u>	<u>568,068</u>	<u>263,572</u>	<u>115,452</u>
<u>California State Department of Transportation:</u>							
Pass through the County of San Mateo:							
CalTrans Work Crew Program	N/A	N/A	-	2,140,680	2,140,680	-	910,229
Total California State Department of Transportation			<u>-</u>	<u>2,140,680</u>	<u>2,140,680</u>	<u>-</u>	<u>910,229</u>
Total federal and state awards			<u>\$ 941,022</u>	<u>\$ 2,265,226</u>	<u>\$ 3,206,248</u>	<u>\$ 1,167,592</u>	<u>\$ 1,025,681</u>

JobTrain, Inc.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of JobTrain, Inc. and is presented on the accrual basis. The 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*. The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within JobTrain, Inc.'s financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA number included in the accompanying Schedule of Expenditures of Federal Awards was determined based on the program name, review of the award contract, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.



JobTrain, Inc.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2015

**Section I – Summary of Auditors’ Results**

1. Type of auditors’ report issued: unmodified
2. Internal control over financial reporting:
  - A. Material weakness(es) identified? no
  - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
  - C. Noncompliance material to financial statements noted? no
3. Internal control over major programs:
  - A. Material weakness(es) identified? no
  - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
  - C. Type of auditors’ report issued on compliance for major programs: unmodified
  - D. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no
4. Audited as Major Programs:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Expenditures</u>
17.258, 17.259 & 17.278	Workforce Investment Act Cluster	\$ 863,309
5. Dollar threshold used to distinguish between type A and type B programs: \$300,000
6. Auditee qualified as a low-risk auditee? yes

**Section II – Financial Statement Findings**

There were no financial statement findings.

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

There were no federal award findings and questioned costs.

JobTrain, Inc.  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2015

Recommendation

Status/Explanation

There were no prior year findings or recommendations.