

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

**FINANCIAL STATEMENTS  
AND  
SINGLE AUDIT REPORT**

**JUNE 30, 2013**

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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, 2013, 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, 2013, 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 2012 financial statements, and our report dated October 22, 2012, we 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, 2012, 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 15 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 13, 2013 on our consideration of the 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 13, 2013

JobTrain, Inc.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013	2012
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,147,061	\$ 990,416
Investments	1,462,761	1,281,269
Grants receivable	440,925	234,968
Pledges receivable	223,341	771,342
Prepaid expenses and other current assets	17,760	11,106
Total current assets	3,291,848	3,289,101
Non-current assets:		
Fixed assets, net of accumulated depreciation	2,787,543	2,800,701
Total non-current assets	2,787,543	2,800,701
Total assets	\$ 6,079,391	\$ 6,089,802
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 161,057	\$ 170,837
Accrued payroll and benefits	306,510	295,273
Deferred compensation	161,475	-
Deferred revenue	40,000	40,000
Capital lease obligation, current portion	37,625	35,439
Total current liabilities	706,667	541,549
Long-term liabilities:		
Capital lease obligation, net of current portion	26,363	63,988
Retirement plan obligation	-	100,000
Notes payable	300,000	300,000
Total long-term liabilities	326,363	463,988
Total liabilities	1,033,030	1,005,537
Net assets - Exhibit A:		
Unrestricted:		
Board designated	469,269	461,193
Other unrestricted	2,777,515	2,638,096
Temporarily restricted	1,799,577	1,984,976
Total net assets	5,046,361	5,084,265
Total liabilities and net assets	\$ 6,079,391	\$ 6,089,802

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

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
Revenues:				
Government grants	\$ 2,780,535	\$ -	\$ 2,780,535	\$ 1,754,481
Foundation grants	453,660	-	453,660	663,597
Individual contributions	930,471	-	930,471	854,430
Corporate contributions	58,000	28,900	86,900	314,500
Special events	644,025	377,847	1,021,872	730,443
Earned revenue	40,872	-	40,872	32,447
In-kind contributions	330,619	-	330,619	119,250
Other revenue	215,185	117,923	333,108	214,991
Net assets released from restrictions	710,069	(710,069)	-	-
Total revenues	<u>6,163,436</u>	<u>(185,399)</u>	<u>5,978,037</u>	<u>4,684,139</u>
Expenses:				
Program services:				
Educational and related services	4,355,674	-	4,355,674	3,235,609
Child development center	332,598	-	332,598	364,820
Supportive services:				
Administration	565,894	-	565,894	538,262
Fundraising	761,775	-	761,775	639,312
Total expenses	<u>6,015,941</u>	<u>-</u>	<u>6,015,941</u>	<u>4,778,003</u>
Change in net assets	147,495	(185,399)	(37,904)	(93,864)
Net assets, beginning of period	<u>3,099,289</u>	<u>1,984,976</u>	<u>5,084,265</u>	<u>5,178,129</u>
Net assets, end of period	<u>\$ 3,246,784</u>	<u>\$ 1,799,577</u>	<u>\$ 5,046,361</u>	<u>\$ 5,084,265</u>

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

JobTrain, Inc.  
STATEMENTS OF FUNCTIONAL EXPENSES  
 For the Year Ended June 30, 2013  
 (With Comparative Totals for the Year Ended June 30, 2012)

	<u>Program Services</u>		<u>Supportive Services</u>		Total 2013	Total 2012
	Educational and Related Services	Child Development Center	Admin-- istration	Fundraising		
Expenses:						
Payroll	\$ 2,550,329	\$ 180,253	\$ 209,806	\$ 278,129	\$ 3,218,517	\$ 2,488,223
Payroll costs	598,072	49,011	44,509	57,731	749,323	580,419
Client support	55,761	17,673	-	-	73,434	64,789
Training and educational	212,260	9,627	27,859	3,753	253,499	245,921
Employee training and travel	43,234	9,331	7,257	4,093	63,915	41,295
Taxes, insurance and fees	45,075	4,992	73,588	3,563	127,218	167,989
Repairs and maintenance	34,948	188	3,016	188	38,340	41,760
Lease charges	52,520	988	2,284	1,193	56,985	75,011
Supplies and services	330,784	18,525	117,738	15,008	482,055	331,805
Utilities	151,725	12,723	10,111	10,108	184,667	173,658
Equipment, furniture and fixtures	-	-	-	-	-	2,113
Fundraising	-	-	-	365,625	365,625	211,415
Depreciation	255,715	23,704	21,401	19,196	320,016	309,261
Other expenses	25,251	5,583	48,325	3,188	82,347	44,344
Total expenses	<u>\$ 4,355,674</u>	<u>\$ 332,598</u>	<u>\$ 565,894</u>	<u>\$ 761,775</u>	<u>\$ 6,015,941</u>	<u>\$ 4,778,003</u>

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



STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets from operations	\$ (37,904)	\$ (93,864)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind contribution of assets	(251,053)	-
Depreciation	320,016	309,261
Net realized/unrealized (gains) and losses on investments	(111,318)	(13,092)
Changes in certain assets and liabilities:		
Grants receivable	(205,957)	(101,364)
Pledges receivable	548,001	379,763
Prepaid expenses and other current assets	(6,654)	(3,920)
Accounts payable	(9,780)	35,854
Accrued payroll and benefits	11,237	69,916
Deferred compensation	161,475	-
Deferred revenue	-	40,000
Retirement plan obligation	(100,000)	27,870
Net cash provided by operating activities	<u>318,063</u>	<u>650,424</u>
Cash flows from investing activities:		
Purchase of investments	(143,855)	(519,165)
Sale of investments	73,681	1,933
Acquisition of fixed assets	(55,805)	(78,094)
Net cash used by investing activities	<u>(125,979)</u>	<u>(595,326)</u>
Cash flows from financing activities:		
Payments on capital lease obligation	(35,439)	(33,380)
Net cash used by financing activities	<u>(35,439)</u>	<u>(33,380)</u>
Net increase in cash during the year	156,645	21,718
Cash balance, beginning of period	<u>990,416</u>	<u>968,698</u>
Cash balance, end of period	<u>\$ 1,147,061</u>	<u>\$ 990,416</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 5,002</u>	<u>\$ 7,060</u>
Noncash activities:		
Disposition of fixed assets	<u>\$ 1,718,612</u>	<u>\$ -</u>

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

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, 2013

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, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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.

H. 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.

Pledges receivable that are expected to be collected after one year are discounted using a discount rate using the applicable federal rate. The Organization did not provide a reserve against pledges receivable and believes the amounts to be fully collectible.

I. Fixed Assets

Purchased property and equipment are stated at cost. Acquisitions of property and equipment in excess of \$2,000 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.

J. 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.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. 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.

L. 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.

M. 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.

N. 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.

O. 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.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

P. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 13, 2013, the date the financial statements were available to be issued.

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.

On July 1, 2012, 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, 2013. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH

Cash balances at June 30, 2013 are as follows:

	<u>2013</u>	<u>2012</u>
Wells Fargo Bank	\$ 293,425	\$ 158,124
Vanguard	210,235	265,955
Charles Schwab	642,601	565,537
Petty cash	800	800
Total	<u>\$ 1,147,061</u>	<u>\$ 990,416</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.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 5 - INVESTMENTS

Activity for the year ended June 30, 2013 is as follows:

	Charles Schwab Facilities Reserve	Charles Schwab 21 <sup>st</sup> Century Campaign	Total
Account balances as of 6/30/12	\$ 459,787	\$ 821,482	\$ 1,281,269
Transfers in/deposits	-	88,966	88,966
Unrealized gains (losses)	24,163	80,212	104,375
Realized capital gains, net of fees	6,341	602	6,943
Dividends and interest	20,794	34,095	54,889
Transfers out/withdrawals	<u>(63,799)</u>	<u>(9,882)</u>	<u>(73,681)</u>
Account balances as of 6/30/13	<u>\$ 447,286</u>	<u>\$ 1,015,475</u>	<u>\$ 1,462,761</u>
Bond Funds	\$ 181,085	\$ 256,086	\$ 437,171
Equity Funds	266,201	749,374	1,015,575
Other Assets	<u>-</u>	<u>10,015</u>	<u>10,015</u>
Total	<u>\$ 447,286</u>	<u>\$ 1,015,475</u>	<u>\$ 1,462,761</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.

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.

As of June 30, 2013, the investments balance of \$1,462,761 was all classified to be Level 1.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

NOTE 7 - FIXED ASSETS

Fixed assets as of June 30, 2013 are as follows:

	Years	2013	2012
Land	N/A	\$ 993,669	\$ 993,669
Buildings	25	1,937,466	1,937,466
Building improvements	25	2,102,827	2,067,954
Leasehold improvements	25	60,000	60,000
Furniture, equipment & vehicles	5	1,481,849*	2,928,477
Total		6,575,811	7,987,566
Less accumulated depreciation		(3,788,268)*	(5,186,865)
Fixed assets, net		<u>\$ 2,787,543</u>	<u>\$ 2,800,701</u>

Depreciation expense was \$320,016 and \$309,261 for the years ended June 30, 2013 and June 30, 2012, respectively.

\*There was an adjustment to the fixed asset records as a result of a complete physical inventory count performed during the year. Fixed asset items in the amount of \$1,718,612 were removed from the books. The fixed assets were fully depreciated as of June 30, 2013; therefore no gain or loss was recognized on the disposal.

NOTE 8 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$166,941 and \$170,255 as of June 30, 2013 and June 30, 2012, respectively.

NOTE 9 - DEFERRED COMPENSATION

In June 2013, the Organization approved a deferred compensation package in the amount of \$150,000 to the Executive Director who retired in August 2013. The payments will be made in two installments, 25% in September 2013 and 75% in February 2014. As of June 30, 2013, the amount of deferred compensation was \$161,475 (\$150,000 in compensation plus \$11,475 in payroll taxes).

NOTE 10 - CAPITAL LEASE OBLIGATION

The Organization has entered into a capital lease agreement for office equipment with a cost of \$174,317 and related accumulated amortization of \$116,211. The lease, which expires in February 2015, requires monthly payments of \$3,370, and bears interest at approximately 6% per annum.

At June 30, 2013, 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>
2014 (current portion)	\$ 37,625	\$ 2,816
2015	26,363	597
Total	<u>\$ 63,988</u>	<u>\$ 3,413</u>

Total interest paid on the capital lease obligation was \$5,002 and \$7,060 for the years ended June 30, 2013 and June 30, 2012, respectively.



JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

NOTE 11 - RETIREMENT PLAN OBLIGATION

During 2000, the Organization allocated \$150,000 of net assets for a retirement fund for the benefit of six staff members who had been continuously employed by the Organization for at least 25 years as of April 1, 2000. Upon retirement, each employee is eligible to receive \$25,000. As of June 30, 2012, there were four employees eligible to participate in the plan and the retirement plan obligation was \$100,000. The undistributed investment earnings are recorded as a liability in the financial statements. The retirement plan obligation was fully paid off as of June 30, 2013.

NOTE 12 - 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.

NOTE 13 - 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, 2013 and June 30, 2012, the balance on the line of credit was \$0 and \$0, respectively.

NOTE 14 - UNRESTRICTED NET ASSETS - BOARD DESIGNATED

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

	2013	2012
Facility Fund	\$ 469,269	\$ 461,193

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

	2013	2012
Cash and cash equivalents - Charles Schwab	\$ 21,983	\$ 1,406
Investments - Charles Schwab	447,286	459,787
Total	\$ 469,269	\$ 461,193

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

NOTE 15 - TEMPORARILY RESTRICTED NET ASSETS

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

	2013	2012
Program services	\$ 2,700	\$ 330,000
21 <sup>st</sup> Century Campaign - Sustainability Fund	1,426,970	1,376,792
21 <sup>st</sup> Century Campaign - Special Initiatives	209,123	278,184
Legacy Fund	160,784	-
Total	\$ 1,799,577	\$ 1,984,976

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

	2013	2012
Program services:		
Cash and cash equivalents - various financial institutions	\$ 2,700	\$ -
Pledges receivable	-	330,000
Subtotal	2,700	330,000
21 <sup>st</sup> Century Campaign - Sustainability Fund:		
Cash and cash equivalents - Charles Schwab	411,495	313,810
Investments - Charles Schwab	1,015,475	821,482
Pledges receivable	-	241,500
Subtotal	1,426,970	1,376,792
21 <sup>st</sup> Century Campaign - Special Initiatives:		
Cash and cash equivalents - Charles Schwab	209,123	178,184
Pledges receivable	-	100,000
Subtotal	209,123	278,184
Legacy Fund:		
Cash and cash equivalents - various financial institutions	155,784	-
Pledges receivable	5,000	-
Subtotal	160,784	-
Total	\$ 1,799,577	\$ 1,984,976

**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 45 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** has been established in the retiring Executive Director's name to fund life skills training, successor planning and transitioning.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

NOTE 16 - 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 \$33,340 and \$53,245 for the years ended June 30, 2013 and June 30, 2012, respectively.

NOTE 17 - 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 \$713,526 and \$542,011 for the years ended June 30, 2013 and June 30, 2012, respectively.

NOTE 18 - CHANGE IN NET ASSETS BEFORE DEPRECIATION

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

	<u>2013</u>	<u>2012</u>
Total revenues	\$ 5,978,037	\$ 4,684,139
Total expenses, excluding depreciation*	<u>(5,695,925)</u>	<u>(4,468,742)</u>
Change in net assets before depreciation	<u>\$ 282,112</u>	<u>\$ 215,397</u>

\*Depreciation expense of \$320,016 and \$309,261 for the years ended June 30, 2013 and June 30, 2012, respectively, was excluded from total expenses.

JobTrain, Inc.  
CHILD DEVELOPMENT PROGRAMS - GENERAL INFORMATION  
June 30, 2013

Schedule 1

Organization name:	JobTrain, Inc.
Program name and contract number:	
41-1663-3A	Child and Adult Care Food Program
CSPP-2523	California State Preschool
CRPM-0118	Facilities Renovations and Repair
Type of Organization:	Nonprofit Public Benefit Corporation
Address of Organization:	1200 O'Brien Drive, Menlo Park, CA 94025
Executive Director:	Nora Sobolov
Program Director:	Eric Fogaard
Finance Director:	Christal Lee
Telephone number:	(650) 330-6429
Report covered:	July 01, 2012 through June 30, 2013
Days of operation:	246 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, 2013

	<u>CSPP-2523</u>	<u>CRPM-0118</u>	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	<u>Total</u>
Revenues:			
Government contracts - SDE	\$ 171,145	\$ -	\$ 171,145
Child care food program #41-1663-3A	21,865	-	21,865
Subtotal government contracts	193,010	-	193,010
Unrestricted contributions and other income	-	-	-
Family fees - certified children	41,217	-	41,217
Interest income	1	-	1
Total revenues	<u>234,228</u>	<u>-</u>	<u>234,228</u>
Expenses:			
Salaries	180,253	-	180,253
Employee benefits	49,011	-	49,011
Books and supplies	9,628	-	9,628
Rents and leases	988	-	988
Other operating expenses	68,824	-	68,824
Building repairs and maintenance	188	-	188
Depreciation	23,704	-	23,704
Total expenses	<u>332,596</u>	<u>-</u>	<u>332,596</u>
Change in net assets	<u>\$ (98,368)</u>	<u>\$ -</u>	<u>\$ (98,368)</u>

SCHEDULE OF EXPENSES BY STATE CATEGORIES

Child Development Centers  
For the Year Ended June 30, 2013

	<u>CSPP-2523</u>	<u>CRPM-0118</u>	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	<u>Total</u>
Expenses:			
Direct payments to providers	\$ -	\$ -	\$ -
1000 Certificated salaries	145,011	-	145,011
2000 Classified salaries	35,242	-	35,242
3000 Employee benefits	49,011	-	49,011
4000 Books and supplies	9,628	-	9,628
5000 Services and other operating expenses	70,000	-	70,000
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	-	-	-
6500 Replacement equipment	-	-	-
Depreciation on assets not purchased with public funds	23,704	-	23,704
Start-up expenses - service level exemption	-	-	-
Indirect costs	-	-	-
Total expenses claimed for reimbursement	332,596	-	332,596
Total supplemental expenses	-	-	-
Total expenses	<u>\$ 332,596</u>	<u>\$ -</u>	<u>\$ 332,596</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, 2013

	<u>CSPP-2523</u>	<u>CRPM-0118</u>	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	<u>Total</u>
<u>Unit Cost Under \$7,500 Per Item:</u>			
None	\$ -	\$ -	\$ -
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unit Cost Over \$7,500 Per Item With Prior Written Approval:</u>			
None	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unit Cost Over \$7,500 Per Item Without Prior Approval:</u>			
None	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE OF REIMBURSABLE EXPENDITURES  
FOR RENOVATIONS AND REPAIRS  
 Child Development Centers  
 For the Year Ended June 30, 2013

	<u>CSPP-2523</u>	<u>CRPM-0118</u>	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<u>Unit Cost Under \$10,000 Per Item:</u>			
None	\$ -	\$ -	\$ -
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Unit Cost \$10,000 or More Per Item With Prior Written Approval:</u>			
None	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Unit Cost \$10,000 or More Per Item Without Prior Written Approval:</u>			
None	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>



SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS

Child Development Centers  
For the Year Ended June 30, 2013

	<u>CSPP-2523</u>	<u>CRPM-0118</u>	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	<u>Total</u>
Reimbursable administrative costs:			
Salaries	\$ -	\$ -	\$ -
Employee benefits	-	-	-
Books and supplies	-	-	-
Services and other operating expenses	-	-	-
Depreciation on non-CDE-funded assets used in program	-	-	-
Indirect costs	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 Total reimbursable administrative costs	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

SCHEDULE OF REIMBURSABLE START-UP EXPENSES

Child Development Centers  
For the Year Ended June 30, 2013

	<u>CSPP-2523</u>	<u>CRPM-0118</u>	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	<u>Total</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>	<u>\$ -</u>	<u>\$ -</u>

**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs  
SAN MATEO PILOT**

Agency Name: JobTrain, Inc. Vendor No. M322

Fiscal Year Ended: June 30, 2013 Contract No. CSPP-2523

Independent Auditor's Name: R.J. Ricciardi, Inc.

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	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	-		-	1.180	-
Full-time	750		750	1.000	750.000
Three-quarters-time	-		-	0.750	-
One-half-time	-		-	0.580	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.580	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	5,061		5,061	1.100	5,567.100
Three-quarters-time	35		35	0.825	28.875
One-half-time	-		-	0.580	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.580	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.580	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>5,846</b>	<b>-</b>	<b>5,846</b>		<b>6,345.975</b>
<b>DAYS OF OPERATION</b>	<b>246</b>	<b>-</b>	<b>246</b>		
<b>DAYS OF ATTENDANCE</b>	<b>5,846</b>	<b>-</b>	<b>5,846</b>		

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

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

**AUDITED ATTENDANCE AND FISCAL REPORT**  
**for California State Preschool Programs**  
**SAN MATEO PILOT**

Agency Name: JobTrain, Inc. Vendor No. M322

Fiscal Year End: June 30, 2013 Contract No. CSPP-2523

	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>
	<b>CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM</b>	<b>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</b>	<b>CUMULATIVE FISCAL YEAR PER AUDIT</b>
<b>SECTION III - REVENUE</b>			
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$0	\$21,865	\$21,865
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
<b>Subtotal</b>	<b>\$0</b>	<b>\$21,865</b>	<b>\$21,865</b>
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children Contract # CSPP-2523	41,217		41,217
Contract #			0
Interest Earned on Apportionments Contract #	1		1
Contract #			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
<b>TOTAL REVENUE</b>	<b>\$41,218</b>	<b>\$21,865</b>	<b>\$63,083</b>
<b>SECTION IV - REIMBURSABLE EXPENSES</b>			
1000 Certificated Salaries	\$145,011	\$0	\$145,011
2000 Classified Salaries	35,242		35,242
3000 Employee Benefits	49,405	(394)	49,011
4000 Books and Supplies	11,285	(1,657)	9,628
5000 Services and Other Operating Expenses	71,270	(1,270)	70,000
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		23,704	23,704
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>	<b>\$312,213</b>	<b>\$20,383</b>	<b>\$332,596</b>
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FOR CDE-A&amp;I USE ONLY:</b>			

**Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development 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 discrepancies.

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

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

### AUDITED FISCAL REPORT for Child Development Support Contracts

Agency Name: JobTrain, Inc. Vendor No. M322  
 Fiscal Year End: June 30, 2013 Contract No. CRPM-0118  
 Multi-Year Contract? (Check "No" Box or Enter Contract Period): No  or Period: July 1, 2010 - June 30, 2013  
 Independent Auditor's Name: R.J. Ricciardi, Inc.

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	PRIOR YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
<b>SECTION I - REVENUE</b>				
RESTRICTED INCOME				
Match Requirement	\$0	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)				0
Other (Specify):				0
				0
<b>Subtotal</b>	\$0	\$0	\$0	\$0
INTEREST EARNED ON APPORTIONMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
				0
<b>TOTAL REVENUE</b>	\$0	\$0	\$0	\$0

<b>SECTION II - REIMBURSABLE EXPENSES</b>				
1000 Certificated Salaries	\$0	\$0	\$0	\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies				0
5000 Services and Other Operating Expenses				0
6100/6200 Other Approved Capital Outlay	9,807			9,807
6400 New Equipment (program-related)				0
6500 Replacement Equipment (program-related)				0
Depreciation or Use Allowance				0
Indirect Costs. Rate: 0.00%				0
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$9,807	\$0	\$0	\$9,807
TOTAL ADMINISTRATIVE COSTS (included in section II above)	\$0	\$0	\$0	\$0
FOR CDE-A&I USE ONLY:				

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

JobTrain, Inc.  
 Child Development Centers  
SUMMARY OF CLAIM  
 Agreement No: 41-1663-3A  
 For the Period July 1, 2012 to June 30, 2013

Schedule 11

	Allowed	Paid	
Amount Reimbursable from Federal Fund	\$ 20,589		
Federal Fund Payments to Date		\$ 20,589	
Federal Fund reimbursement Variance (Overpaid)			\$ -
Cash-In-Lieu Reimbursement	1,275	1,275	-
Total Federal Fund Reimbursement Variance (Overpaid):			-
State Meal Compensation	-	-	-
Total Program Reimbursement (State and Federal) Underpayment (Overpayment)			\$ -

## Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED MEALS AND EARNED REIMBURSEMENT

Agreement No: 41-1663-3A

For the Period July 1, 2012 to June 30, 2013

FIXED PERCENTAGE METHOD

Federal Meal Compensation	MEALS			Food Service Rates	Revenue Recognized	Audit Adjustments	Earned Reimbursement
	Reported	Adjusted	Allowed				
<u>Breakfast</u>							
Free	3,004	-	3,004	\$ 1.5500	\$ 4,656	\$ -	\$ 4,656
Reduced	695	-	695	1.2500	869	-	869
Base	1,357	-	1,357	0.2700	366	-	366
Total	<u>5,056</u>	<u>-</u>	<u>5,056</u>		<u>5,891</u>	<u>-</u>	<u>5,891</u>
<u>Lunch</u>							
Free	3,331	-	3,331	\$ 2.8600	9,527	-	9,527
Reduced	772	-	772	2.4600	1,899	-	1,899
Base	1,503	-	1,503	0.2700	406	-	406
Total	<u>5,606</u>	<u>-</u>	<u>5,606</u>		<u>11,832</u>	<u>-</u>	<u>11,832</u>
<u>Supplements</u>							
Free	3,179	-	3,179	\$ 0.7800	2,480	-	2,480
Reduced	733	-	733	0.3900	286	-	286
Base	1,442	-	1,442	0.0700	101	-	101
Total	<u>5,354</u>	<u>-</u>	<u>5,354</u>		<u>2,866</u>	<u>-</u>	<u>2,866</u>
Total Federal Meal Reimbursement					20,589	-	20,589
Cash-In-Lieu	<u>5,606</u>	<u>-</u>	<u>5,606</u>	\$ 0.2275	1,275	-	1,275
Total Federal Reimbursement					<u>21,865</u>	<u>-</u>	<u>21,865</u>
State Meal Compensation	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	\$ 0.1634	<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, 2012 to December 31, 2012

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	July 2012			August 2012			September 2012		
<u>Breakfast</u>									
Free	298	-	298	288	-	288	244	-	244
Reduced	70	-	70	68	-	68	32	-	32
Base	70	-	70	118	-	118	114	-	114
Total	<u>438</u>	<u>-</u>	<u>438</u>	<u>474</u>	<u>-</u>	<u>474</u>	<u>390</u>	<u>-</u>	<u>390</u>
<u>Lunch</u>									
Free	331	-	331	317	-	317	274	-	274
Reduced	78	-	78	75	-	75	36	-	36
Base	78	-	78	130	-	130	128	-	128
Total	<u>487</u>	<u>-</u>	<u>487</u>	<u>522</u>	<u>-</u>	<u>522</u>	<u>438</u>	<u>-</u>	<u>438</u>
<u>Supplements</u>									
Free	308	-	308	302	-	302	261	-	261
Reduced	72	-	72	71	-	71	35	-	35
Base	73	-	73	125	-	125	122	-	122
Total	<u>453</u>	<u>-</u>	<u>453</u>	<u>498</u>	<u>-</u>	<u>498</u>	<u>418</u>	<u>-</u>	<u>418</u>
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	October 2012			November 2012			December 2012		
<u>Breakfast</u>									
Free	292	-	292	246	-	246	173	-	173
Reduced	39	-	39	49	-	49	37	-	37
Base	155	-	155	115	-	115	87	-	87
Total	<u>486</u>	<u>-</u>	<u>486</u>	<u>410</u>	<u>-</u>	<u>410</u>	<u>297</u>	<u>-</u>	<u>297</u>
<u>Lunch</u>									
Free	312	-	312	280	-	280	199	-	199
Reduced	42	-	42	56	-	56	43	-	43
Base	166	-	166	130	-	130	99	-	99
Total	<u>520</u>	<u>-</u>	<u>520</u>	<u>466</u>	<u>-</u>	<u>466</u>	<u>341</u>	<u>-</u>	<u>341</u>
<u>Supplements</u>									
Free	311	-	311	266	-	266	188	-	188
Reduced	41	-	41	53	-	53	40	-	40
Base	166	-	166	125	-	125	94	-	94
Total	<u>518</u>	<u>-</u>	<u>518</u>	<u>444</u>	<u>-</u>	<u>444</u>	<u>322</u>	<u>-</u>	<u>322</u>



Child Development Centers  
SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED MEALS AND EARNED REIMBURSEMENT

Agreement No: 41-1663-3A

For the Period January 1, 2013 to June 30, 2013

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	January 2013			February 2013			March 2013		
<u>Breakfast</u>									
Free	233	-	233	223	-	223	240	-	240
Reduced	72	-	72	64	-	64	69	-	69
Base	125	-	125	95	-	95	120	-	120
Total	430	-	430	382	-	382	429	-	429
<u>Lunch</u>									
Free	255	-	255	253	-	253	263	-	263
Reduced	79	-	79	72	-	72	75	-	75
Base	137	-	137	108	-	108	132	-	132
Total	471	-	471	433	-	433	470	-	470
<u>Supplements</u>									
Free	251	-	251	232	-	232	252	-	252
Reduced	77	-	77	66	-	66	72	-	72
Base	136	-	136	99	-	99	126	-	126
Total	464	-	464	397	-	397	450	-	450
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	April 2013			May 2013			June 2013		
<u>Breakfast</u>									
Free	271	-	271	256	-	256	240	-	240
Reduced	58	-	58	68	-	68	69	-	69
Base	136	-	136	120	-	120	102	-	102
Total	465	-	465	444	-	444	411	-	411
<u>Lunch</u>									
Free	293	-	293	295	-	295	259	-	259
Reduced	63	-	63	79	-	79	74	-	74
Base	146	-	146	138	-	138	111	-	111
Total	502	-	502	512	-	512	444	-	444
<u>Supplements</u>									
Free	274	-	274	285	-	285	249	-	249
Reduced	59	-	59	76	-	76	71	-	71
Base	136	-	136	133	-	133	107	-	107
Total	469	-	469	494	-	494	427	-	427

Child Development Centers  
SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED ELIGIBILITY  
 Agreement No: 41-1663-3A  
 For the Period July 1, 2012 to June 30, 2013

FIXED PERCENTAGE METHOD

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<u>Total Enrolled</u>												
Reported	25	28	24	25	25	24	24	24	25	24	26	24
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	25	28	24	25	25	24	24	24	25	24	26	24
<u>Eligibility Categories</u>												
Free												
Reported	17	17	15	15	15	14	13	14	14	14	15	14
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	17	17	15	15	15	14	13	14	14	14	15	14
Reduced												
Reported	4	4	2	2	3	3	4	4	4	3	4	4
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	4	4	2	2	3	3	4	4	4	3	4	4
Base												
Reported	4	7	7	8	7	7	7	6	7	7	7	6
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	4	7	7	8	7	7	7	6	7	7	7	6

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, 2013, 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 13, 2013.

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 13, 2013

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, 2013. JobTrain, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

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, 2013.

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 13, 2013

JobTrain, Inc.  
Child Development Centers  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2013

<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	\$ 21,865	\$ -
Total U.S. Department of Agriculture			-	-	-	21,865	-
<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	31,500	-
WIA Individual Training Account Contracts - Dislocated Worker	17.278	N/A	N/A	N/A	N/A	12,250	-
WIA Individual Training Account Contracts - Dislocated Worker 25%	17.278	N/A	N/A	N/A	N/A	105,000	-
Peninsula Works - Adult	17.258	068762	148,799	-	148,799	148,799	-
Peninsula Works - Dislocated Worker	17.278	068762	99,201	-	99,201	99,201	-
Peninsula Works - Dislocated Worker	17.278	068762	90,000	-	90,000	56,287	-
Peninsula Works - Dislocated Worker	17.278	068762	100,000	-	100,000	100,000	-
Youth - In and Out-of-School	17.259	068762	315,476	-	315,476	315,425	-
Total pass through the County of San Mateo (WIA Cluster)			753,476	-	753,476	868,462	-
Pass through the City of East Palo Alto:							
Green Jobs/Life Skills Training Services	17.279	N/A	540,000	-	540,000	307,785	-
Total pass through the City of East Palo Alto			540,000	-	540,000	307,785	-
Pass through the Opportunities Industrialization Center of America:							
Green Jobs Innovation	17.279	N/A	357,641	-	357,641	119,214	-
Total pass through the Opportunities Industrialization Center of America			357,641	-	357,641	119,214	-
Total U.S. Department of Labor			1,651,117	-	1,651,117	1,295,461	-

JobTrain, Inc.  
Child Development Centers  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2013

<u>Grantor</u>	Federal	Grantor's	Award Amount			Expenditures	
	CFDA		Number	Federal	State	Total	Federal
	Number						
<u>U.S. Department of Justice:</u>							
Pass through the County of San Mateo:							
Achieve 180 Program	16.812	41-4101	\$ 75,000	\$ -	\$ 75,000	\$ 38,295	\$ -
Achieve 180 Program	16.812	41-4101	75,000	-	75,000	57,619	-
Total U.S. Department of Justice			150,000	-	150,000	95,914	-
<u>U.S. Department of Health and Human Services:</u>							
Pass through the Center to Protect Workers Rights:							
Hazardous Waste Worker Training	93.142	2110-13	150,000	-	150,000	6,491	-
Hazardous Waste Worker Training	93.142	2110-18	150,000	-	150,000	143,108	-
Total pass through the Center to Protect Workers Rights			300,000	-	300,000	149,599	-
Pass through the California State Department of Education:							
California State Preschool	93.575	CSPP-2523	17,511	-	17,511	17,511	-
California State Preschool	93.596	CSPP-2523	31,828	121,806	153,634	31,828	121,806
Facilities Renovation and Repair (ARRA)	93.713	CRPM-0118	3,269	6,538	9,807	-	-
Total pass through the California State Department of Education			52,608	128,344	180,952	49,339	121,806
Total U.S. Department of Health and Human Services			352,608	128,344	480,952	198,938	121,806
<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	-	879,361
Total California State Department of Transportation			-	2,140,680	2,140,680	-	879,361
Total federal and state awards			\$ 2,153,725	\$ 2,269,024	\$ 4,422,749	\$ 1,612,178	\$ 1,001,167



JobTrain, Inc.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2013

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, 2013

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

1. Type of auditors’ report issued: unqualified
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	\$ 868,462
17.279	Green Jobs	307,785
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, 2013

Recommendation

Status/Explanation

There were no prior year findings or recommendations.