

JOBTRAIN, INC.
MENLO PARK, CALIFORNIA

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT**

JUNE 30, 2019

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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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 opinions 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, 2019, 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.

Emphasis of Matter

As discussed in Note 2B, JobTrain, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the Accounting Standards Update have been applied retrospectively to all years presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited JobTrain, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 21 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 11, 2019 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, 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 the effectiveness of JobTrain, Inc.'s 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 11, 2019

JobTrain, Inc.
STATEMENTS OF FINANCIAL POSITION
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

	2019	2018
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 694,713	\$ 1,302,011
Investments	1,851,474	1,828,366
Grants receivable	167,650	225,294
Pledges receivable	384,375	270,375
Prepaid expenses and other current assets	23,755	22,583
Total current assets	3,121,967	3,648,629
Non-current assets:		
Fixed assets, net of accumulated depreciation	1,792,476	2,023,708
Total non-current assets	1,792,476	2,023,708
Total assets	\$ 4,914,443	\$ 5,672,337
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 110,711	\$ 153,417
Accrued payroll and benefits	305,983	289,983
Deferred revenue	50,000	119,143
Capital lease obligation, current portion	34,275	32,284
Total current liabilities	500,969	594,827
Long-term liabilities:		
Capital lease obligation, net of current portion	49,011	83,286
Notes payable	300,000	300,000
Total long-term liabilities	349,011	383,286
Total liabilities	849,980	978,113
Net assets:		
Net assets without donor restrictions	2,295,335	2,881,558
Net assets with donor restrictions	1,769,128	1,812,666
Total net assets	4,064,463	4,694,224
Total liabilities and net assets	\$ 4,914,443	\$ 5,672,337

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

JobTrain, Inc.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenues:				
Government grants	\$ 1,276,721	\$ -	\$ 1,276,721	\$ 1,572,885
Foundation grants	1,202,610	430,594	1,633,204	1,328,092
Individual contributions	758,881	-	758,881	1,254,611
Corporate contributions	272,500	325,000	597,500	1,041,323
Special events, net	428,789	-	428,789	616,786
Earned revenue	18,558	-	18,558	12,451
In-kind contributions	84,578	-	84,578	173,779
Investment return, net	7,914	72,350	80,264	90,158
Other revenue	168,078	-	168,078	114,537
Net assets released from restrictions	871,482	(871,482)	-	-
Total revenues	<u>5,090,111</u>	<u>(43,538)</u>	<u>5,046,573</u>	<u>6,204,622</u>
Expenses:				
Program services:				
Educational and related services	3,991,169	-	3,991,169	4,536,148
Child development center	719,801	-	719,801	700,365
Total program services	<u>4,710,970</u>	<u>-</u>	<u>4,710,970</u>	<u>5,236,513</u>
Supportive services:				
Administration	357,239	-	357,239	337,827
Fundraising	608,125	-	608,125	576,372
Total supportive services	<u>965,364</u>	<u>-</u>	<u>965,364</u>	<u>914,199</u>
Total expenses	<u>5,676,334</u>	<u>-</u>	<u>5,676,334</u>	<u>6,150,712</u>
Change in net assets	(586,223)	(43,538)	(629,761)	53,910
Net assets, beginning of period	<u>2,881,558</u>	<u>1,812,666</u>	<u>4,694,224</u>	<u>4,640,314</u>
Net assets, end of period	<u>\$ 2,295,335</u>	<u>\$ 1,769,128</u>	<u>\$ 4,064,463</u>	<u>\$ 4,694,224</u>

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

JobTrain, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	<u>Program Services</u>			<u>Supportive Services</u>			<u>Total 2019</u>	<u>Total 2018</u>
	<u>Educational and Related Services</u>	<u>Child Development Center</u>	<u>Subtotal</u>	<u>Admin-- istration</u>	<u>Fundraising</u>	<u>Subtotal</u>		
Expenses:								
Payroll	\$ 2,210,648	\$ 408,609	\$ 2,619,257	\$ 57,405	\$ 403,731	\$ 461,136	\$ 3,080,393	\$ 3,034,989
Payroll costs	635,375	134,108	769,483	30,517	95,404	125,921	895,404	881,992
Client support	15,939	23,335	39,274	-	-	-	39,274	56,884
Training and educational	326,091	10,324	336,415	85,869	102	85,971	422,386	401,171
Employee training and travel	23,760	399	24,159	12,546	773	13,319	37,478	33,569
Taxes, insurance and fees	35,648	9,343	44,991	83,886	5,683	89,569	134,560	132,961
Repairs and maintenance	90,117	4,946	95,063	4,793	2,429	7,222	102,285	101,762
Lease charges	70,602	4,258	74,860	1,613	2,813	4,426	79,286	29,250
Supplies and services	266,415	50,239	316,654	24,170	22,771	46,941	363,595	631,769
Utilities	130,976	31,574	162,550	12,062	18,284	30,346	192,896	180,087
Depreciation	162,800	40,319	203,119	13,881	23,038	36,919	240,038	294,784
Other expenses	22,798	2,347	25,145	30,497	33,097	63,594	88,739	371,494
 Total expenses	 <u>\$ 3,991,169</u>	 <u>\$ 719,801</u>	 <u>\$ 4,710,970</u>	 <u>\$ 357,239</u>	 <u>\$ 608,125</u>	 <u>\$ 965,364</u>	 <u>\$ 5,676,334</u>	 <u>\$ 6,150,712</u>

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

JobTrain, Inc.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets from operations	\$ (629,761)	\$ 53,910
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	240,038	294,784
Net realized/unrealized (gains) and losses on investments	12,617	(25,421)
Changes in certain assets and liabilities:		
Grants receivable	57,644	104,167
Pledges receivable	(114,000)	(265,375)
Prepaid expenses and other current assets	(1,172)	(14,989)
Accounts payable	(42,706)	(19,610)
Accrued payroll and benefits	16,000	(19,449)
Deferred revenue	(69,143)	(943,796)
Net cash provided by operating activities	(530,483)	(835,779)
Cash flows from investing activities:		
Purchase of investments	(951,218)	(654,490)
Sale of investments	915,493	102,832
Acquisition of fixed assets	(8,806)	-
Net cash used by investing activities	(44,531)	(551,658)
Cash flows from financing activities:		
Payments on capital lease obligation	(32,284)	(30,409)
Net cash used by financing activities	(32,284)	(30,409)
Net increase in cash during the year	(607,298)	(1,417,846)
Cash balance, beginning of period	1,302,011	2,719,857
Cash balance, end of period	\$ 694,713	\$ 1,302,011
Supplemental disclosures of cash flow information:		
Interest paid	\$ 6,056	\$ 7,932
Noncash activities:		
Disposition of fixed assets	\$ -	\$ 330,667

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

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

A. Organization

JobTrain, Inc. (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, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*. (ASC) 958-205 is effective for the Organization for the fiscal year ended June 30, 2019.

Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

C. 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.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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. Investment return is presented net of investment fees.

E. 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 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.

The joint venture agreement with WISE will be discontinued in the fiscal year ending June 30, 2020. There will be no material financial impact to the Organization regarding the discontinued joint venture agreement.

F. 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.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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 pledgee 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.

H. 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.

I. 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.

J. Cost Allocation Policy

Allocable costs are allocated to departments by full time employee (FTE) count ratio for each department. The allocation is updated every quarter, based on the ratio for that quarter. Allocable costs are generally overhead expenses: utilities, insurance, some office supplies, space related costs, communications costs, equipment rentals, etc. that are common to all programs. Costs that benefit various programs/grants in a department are further allocated to the various programs/grants using the direct salary costs for and/or client enrollment for the program/grant.

Charging of costs will be determined on the basis of whether that expense is a direct cost or indirect (allocable) cost. Direct cost expenses will be charged directly to the grant or project and specific cost category. Once that determination is made the expense will be coded and recorded in the accounting system. Charging of allocable costs must be determined on whether the expense benefits multiple grants or projects. Once the determination is made on which program(s) received the benefit, then the expense will be coded accordingly and recorded in the accounting system.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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, 2019

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 11, 2019, the date the financial statements were available to be issued.

The following event will occur subsequent to June 30, 2019:

The joint venture agreement with WISE will be discontinued in the fiscal year ending June 30, 2020. There will be no material financial impact to the Organization regarding the discontinued joint venture agreement.

Q. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with JobTrain, Inc.'s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

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, 2019. 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, 2019

NOTE 4 - CASH

Cash balances at June 30 are as follows:

	2019	2018
Wells Fargo Bank	\$ 547,230	\$ 1,109,152
Vanguard	10,695	10,465
Charles Schwab	136,288	181,894
Petty cash	500	500
Total	<u>\$ 694,713</u>	<u>\$ 1,302,011</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, 2019 is as follows:

	Charles Schwab Facilities Reserve	Charles Schwab 21 st Century Campaign	Investment in Joint Venture	Total
Account balances as of 6/30/18	\$ 239,391	\$ 1,588,475	\$ 500	\$ 1,828,366
Net realized and unrealized gains and (losses)	3,463	(16,080)	-	(12,617)
Transfers in/deposits	198,760	752,458	-	951,218
Transfers out/withdrawals	<u>(201,230)</u>	<u>(714,263)</u>	<u>-</u>	<u>(915,493)</u>
Account balances as of 6/30/19	<u>\$ 240,384</u>	<u>\$ 1,610,590</u>	<u>\$ 500</u>	<u>\$ 1,851,474</u>
Fixed Income Funds	\$ 199,172	\$ 390,631	\$ -	\$ 589,803
Bond Funds	41,212	356,390	-	397,602
Equity Funds	-	853,843	-	853,843
Other Assets	<u>-</u>	<u>9,726</u>	<u>500</u>	<u>10,226</u>
Total	<u>\$ 240,384</u>	<u>\$ 1,610,590</u>	<u>\$ 500</u>	<u>\$ 1,851,474</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, 2019

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, 2019:

Level 1: Quoted prices	\$ 1,850,974
Level 2: Other significant observable inputs	500
Level 3: Significant unobservable inputs	<u>-</u>
Total	<u>\$ 1,851,474</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, 2019 are further classified in accordance with FSP FAS 157-4 as follows:

	Total Investment	Level 1	Level 2	Level 3
Fixed Income Funds	\$ 589,803	\$ 589,803	\$ -	\$ -
Bond Funds	397,602	397,602	-	-
Equity Funds	853,843	853,843	-	-
Other Assets	<u>10,226</u>	<u>9,726</u>	<u>500</u>	<u>-</u>
Total	<u>\$ 1,851,474</u>	<u>\$ 1,850,974</u>	<u>\$ 500</u>	<u>\$ -</u>

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 - FIXED ASSETS

Fixed assets as of June 30 are as follows:

	Years	2019	2018
Land	N/A	\$ 993,669	\$ 993,669
Buildings	25	2,050,236	2,050,236
Building improvements	25	2,381,912	2,381,912
Leasehold improvements	25	60,000	60,000
Furniture, equipment & vehicles	5	<u>1,115,638</u>	<u>1,106,832</u>
Total		6,601,455	6,592,649
Less accumulated depreciation		<u>(4,808,979)</u>	<u>(4,568,941)</u>
Fixed assets, net		<u>\$ 1,792,476</u>	<u>\$ 2,023,708</u>

Depreciation expense was \$240,038 and \$294,784 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 8 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$161,066 and \$152,181 as of June 30, 2019 and June 30, 2018, respectively.

NOTE 9 - CAPITAL LEASE OBLIGATION

The Organization had a capital lease agreement with PNC Equipment Finance for office equipment that was set to expire in September 2018. However in September 2016, the Organization and PNC Equipment Finance agreed to terminate the lease early and entered into another capital lease agreement which expires in October 2021. As of June 30, 2019, the office equipment has a cost of \$165,263 and related accumulated amortization of \$88,140. The lease requires monthly payments of \$3,195, and bears interest at approximately 6% per annum.

At June 30, 2019, 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>
2020 (current portion)	\$ 34,275	\$ 4,065
2021	36,389	1,951
2022	<u>12,622</u>	<u>157</u>
Total	<u>\$ 83,286</u>	<u>\$ 6,173</u>

Total interest paid on the capital lease obligation was \$6,056 and \$7,932 for the years ended June 30, 2019 and June 30, 2018, respectively.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 10 - 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.

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.

NOTE 11 - LINE OF CREDIT

In April 2017, the Organization obtained a line of credit with Wells Fargo Bank in the amount of \$300,000 with an expiration date of May 15, 2020. The interest on the used portion of this line is 1.00% over the bank's index rate. As of June 30, 2019, there was no balance on the line of credit.

NOTE 12 - SPECIAL EVENTS, NET

The Organization holds various special events during the year which include: Breakfast of Champions, a Golf Tournament, Bridge Awards, and a Treasure Hunt. Special events, net during the years ended June 30 were as follows:

	2019	2018
Fundraising special events income	\$ 537,265	\$ 797,342
Fundraising expenses	(108,476)	(180,556)
Special events, net	\$ 428,789	\$ 616,786

The special events income and expenses was significantly less for the year ended June 30, 2019 compared to the year ended June 30, 2018 because the Golf Tournament was not held this year.

NOTE 13 - 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 \$60,730 and \$58,928 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 14 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions as of June 30 were as follows:

	2019	2018
Net assets without donor restrictions - undesignated	\$ 2,018,868	\$ 2,586,131
Net assets without donor restrictions - board designated	276,467	295,427
Total	\$ 2,295,335	\$ 2,881,558

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 14 - NET ASSETS WITHOUT DONOR RESTRICTIONS (concluded)

Net assets without donor restrictions were designated by the Board for a Facility Fund. The assets related to the Facility Fund as shown on the statement of financial position as of June 30 are as follows:

	2019	2018
Cash and cash equivalents - Charles Schwab	\$ 36,083	\$ 56,036
Investments - Charles Schwab	240,384	239,391
Total	\$ 276,467	\$ 295,427

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2019 were available for the following purposes:

	Beginning Balance	Contributions	Releases	Ending Balance
Subject to Expenditure for Specified Purpose				
Program services	\$ 98,333	\$ 755,594	\$ (795,594)	\$ 58,333
Subject to Spending Policy & Appropriation				
21 st Century Campaign – Sustainability Fund	1,525,407	68,298	(75,888)	1,517,817
21 st Century Campaign – Special Initiatives	188,926	4,052	-	192,978
Total	\$ 1,812,666	\$ 827,944	\$ (871,482)	\$ 1,769,128

The assets related to the net assets with donor restrictions as shown on the statement of financial position are as follows:

	2019	2018
Program services:		
Cash and cash equivalents - Wells Fargo Bank	\$ 58,333	\$ 98,333
21 st Century Campaign - Sustainability Fund:		
Cash and cash equivalents - Charles Schwab	98,560	116,079
Investments - Charles Schwab	1,419,257	1,409,328
Subtotal	1,517,817	1,525,407
21 st Century Campaign - Special Initiatives:		
Cash and cash equivalents - Charles Schwab	1,645	9,779
Investments - Charles Schwab	191,333	179,147
Subtotal	192,978	188,926
Total	\$ 1,769,128	\$ 1,812,666

The 21st 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.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS (concluded)

The 21st 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.

NOTE 16 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating fund and other reserves that could be drawn upon if the governing board approves that action.

	2019	2018
Cash and cash equivalents	\$ 694,713	\$ 1,302,011
Investments	1,851,474	1,828,366
Grants receivable and pledges receivable	552,025	495,669
Total financial assets	3,098,212	3,626,046
Donor-imposed restrictions	(1,769,128)	(1,812,666)
Board designations	(276,467)	(295,427)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,052,617	\$ 1,517,953

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 were \$264,643 and \$305,241 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Organization had the following activities with WISE (see Note 2E for joint venture agreement description) during the year ended June 30:

	2019	2018
Expenses incurred to WISE	\$ (115,000)	\$ (91,891)

The joint venture agreement with WISE will be discontinued in the fiscal year ending June 30, 2020. There will be no material financial impact to the Organization regarding the discontinued joint venture agreement.

NOTE 18 - RECLASSIFICATIONS

Certain amounts in the June 30, 2018 financial statements have been reclassified to conform with the June 30, 2019 presentation. These reclassifications have no effect on the change in net assets as previously reported.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 19 - CHANGE IN NET ASSETS BEFORE DEPRECIATION

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

	<u>2019</u>	<u>2018</u>
Total gross revenues	\$ 5,155,049	\$ 6,385,178
Total expenses, excluding depreciation*	<u>(5,544,772)</u>	<u>(6,036,484)</u>
Change in net assets before depreciation	<u>\$ (389,723)</u>	<u>\$ 348,694</u>

*Depreciation expense of \$240,038 and \$294,784 for the years ended June 30, 2019 and June 30, 2018, respectively, was excluded from total expenses.

JobTrain, Inc.
CHILD DEVELOPMENT PROGRAMS - GENERAL INFORMATION
June 30, 2019

Schedule 1

Organization name:	JobTrain, Inc.
Program name and contract number:	
41-1663-3A CSPP-8531	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
President and CEO:	Barrie Hathaway
Chief Operating Officer:	Steven Schmidbauer
Program Director:	Hayam Demian
Finance Director:	Christal Lee
Telephone number:	(650) 330-6429
Report covered:	July 01, 2018 through June 30, 2019
Days of operation:	239 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, 2019

	<u>CSPP-8531</u>		
	California		
	State	Non-CDE	
	<u>Preschool</u>	<u>Programs</u>	<u>Total</u>
Revenues:			
Government contracts:			
Other government contracts	\$ 7,200	\$ 1,016,977	\$ 1,024,177
Child care and development programs	235,799	-	235,799
Child care food program	16,745	-	16,745
Subtotal government contracts	259,744	1,016,977	1,276,721
In-kind contributions income	-	84,578	84,578
Unrestricted contributions and other income	100,000	3,554,498	3,654,498
Family fees - certified children	18,558	-	18,558
Interest income	-	12,218	12,218
Total revenues	<u>378,302</u>	<u>4,668,271</u>	<u>5,046,573</u>
Expenses:			
Salaries	382,231	2,210,648	2,592,879
Employee benefits	125,451	635,375	760,826
Books and supplies	46,996	181,837	228,833
Rents and leases	3,983	70,602	74,585
Other operating expenses	72,330	555,212	627,542
Building repairs and maintenance	4,627	90,117	94,744
Depreciation	40,319	162,800	203,119
In-kind contributions expense	-	84,578	84,578
General, administrative, and indirect	43,864	965,364	1,009,228
Total expenses	<u>719,801</u>	<u>4,956,533</u>	<u>5,676,334</u>
Change in net assets	<u>\$ (341,499)</u>	<u>\$ (288,262)</u>	<u>\$ (629,761)</u>

SCHEDULE OF EXPENSES BY STATE CATEGORIES

Child Development Centers
For the Year Ended June 30, 2019

	<u>CSPP-8531</u>
	California
	State
	<u>Preschool</u>
Expenses:	
Direct payments to providers	\$ -
1000 Certificated salaries	404,444
2000 Classified salaries	-
3000 Employee benefits	134,108
4000 Books and supplies	50,239
5000 Services and other operating expenses	83,491
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Depreciation on assets not purchased with public funds	40,319
Start-up expenses - service level exemption	-
Budget impasse credit expenses - service level exemption	-
Indirect costs	-
Total expenses claimed for reimbursement	<u>712,601</u>
Total supplemental expenses	<u>7,200</u>
Total expenses	<u><u>\$ 719,801</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 contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

RECONCILIATION OF CDE AND GAAP EXPENSE REPORTING

Child Development Centers
 For the Year Ended June 30, 2019

	<u>CSPP-8531</u>
	California
	State
	<u>Preschool</u>
Expenses:	
Schedule of Expenses by State Categories (CDE)	\$ 719,801
Adjustments to reconcile differences in reporting:	
None	-
Combining Statement of Activities (GAAP)	<u>\$ 719,801</u>

SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES

Child Development Centers
 For the Year Ended June 30, 2019

	<u>CSPP-8531</u>
	California
	State
	<u>Preschool</u>
<u>Unit Cost Under \$7,500 Per Purchase:</u>	
None	\$ -
Subtotal	<u>-</u>
<u>Unit Cost Over \$7,500 Per Purchase With Prior Written Approval:</u>	
None	-
Subtotal	<u>-</u>
<u>Unit Cost Over \$7,500 Per Purchase Without Prior Approval:</u>	
None	-
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, 2019

	<u>CSPP-8531</u>
	California
	State
	<u>Preschool</u>
<u>Unit Cost Under \$10,000 Per Item:</u>	
None	\$ -
Subtotal	<u>-</u>
 <u>Unit Cost \$10,000 or More Per Item With Prior Written Approval:</u>	
None	<u>-</u>
Subtotal	<u>-</u>
 <u>Unit Cost \$10,000 or More Per Item Without Prior Written Approval:</u>	
None	<u>-</u>
Subtotal	<u>-</u>
 Total	<u><u>\$ -</u></u>

SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS

Child Development Centers
For the Year Ended June 30, 2019

	<u>CSP-8531</u>
	California
	State
	<u>Preschool</u>
Reimbursable administrative costs:	
Salaries	\$ 26,378
Employee benefits	8,657
Books and supplies	3,243
Services and other operating expenses	5,586
Depreciation on non-CDE-funded assets used in program	-
Indirect costs	<u>-</u>
 Total reimbursable administrative costs	 <u>\$ 43,864</u>

SCHEDULE OF REIMBURSABLE BUDGET

IMPASSE CREDIT EXPENSES

Child Development Centers

For the Year Ended June 30, 2019

	<u>CSPP-8531</u>
	California
	State
	<u>Preschool</u>
Reimbursable budget impasse credit 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 budget impasse credit expenses	<u>\$ -</u>

CALIFORNIA DEPARTMENT OF EDUCATION
AUDITED ATTENDANCE AND FISCAL REPORT FOR
CALIFORNIA STATE PRESCHOOL PROGRAMS

A U D 8501 Page 1 of 9 (06/19)

Fiscal Year Ending

June 30, 2019

Contract Number

CSPP

8531

Vendor Code

M322

Full Name of Contractor JobTrain, Inc.

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	542		542	1.0000	542
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.6166	0
Exceptional Needs Full-time				1.3700	0
Exceptional Needs Three-quarters-time				1.0275	0
Exceptional Needs One-half-time				0.6193	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	3,965		3,965	1.1000	4,361.5
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

Fiscal Year Ending	June 30, 2019	
Contract Number	CSPP	8531
Vendor Code	M322	

Full Name of Contractor JobTrain, Inc.

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.0237	0
Severely Disabled Full-time				1.7150	0
Severely Disabled Three-quarters-time				1.2863	0
Severely Disabled One-half-time				0.6193	0
TOTAL DAYS OF ENROLLMENT	4,507		4,507	N/A	4,903.5
DAYS OF OPERATION	239		239	N/A	N/A
DAYS OF ATTENDANCE	4,490		4,490	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-5) and continue to Revenue Section on page 6.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 6 of 9 (06/19)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 3 - Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	14,085	2,660	16,745
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	14,085	2,660	16,745
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Family Fees for Certified Children	19,771	-1,213	18,558
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Unrestricted Income - Other: Unrestricted Contributions		100,000	100,000
Total Revenue	33,856	101,447	135,303

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS

Fiscal Year Ending

Contract Number

Vendor Code

A U D 8501 Page 7 of 9 (06/19)

Full Name of Contractor

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	457,367	-52,923	404,444
2000 Classified Salaries			
3000 Employee Benefits	135,075	-967	134,108
4000 Books and Supplies	16,296	33,943	50,239
5000 Services and Other Operating Expenses	124,433	-40,942	83,491
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance		40,319	40,319
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)			
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	733,171	-20,570	712,601
Total Administrative Cost (included in section 4 above)		43,864	43,864

Approved Indirect Cost Rate:

Comments:

NO SUPPLEMENTAL REVENUE Check this box and omit Page 8.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE & FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
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Fiscal Year Ending June 30, 2019

Contract Number CSPP 8531

Vendor Code M322

Full Name of Contractor JobTrain, Inc.

Section 5 - Supplemental Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding			
Other:QRIS Block Grants		7,200	7,200
Other:			
Total Supplemental Revenue		7,200	7,200

Section 6 - Supplemental Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries		4,165	4,165
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses		3,035	3,035
6000 Equipment/Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
Total Supplemental Expenses		7,200	7,200

Fiscal Year Ending

Contract Number

Vendor Code

Full Name of Contractor

Section 7 - Summary	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment	4,507		4,507
Days of Operation	239		239
Days of Attendance	4,490		4,490
Total Non-Certified Days of Enrollment			
Restricted Program Income	14,085	2,660	16,745
Transfer from Reserve			
Family Fees for Certified Children	19,771	-1,213	18,558
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	733,171	-20,570	712,601
Total Administrative Cost		43,864	43,864

Total Certified Adjusted Days of Enrollment

Total Non-Certified Adjusted Days of Enrollment

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

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

- Yes
- No

Reimbursable expenses claimed on page 7 are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- Yes
- No

Include any comments in the Comments box on page 7. 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, 2018 to June 30, 2019

Federal Fund Reimbursement Variance (Overpaid):	
Federal Fund Payments to Date	\$ 15,883
Less: Amount Reimbursable from Federal Fund	<u>15,883</u>
	\$ -
Cash-In-Lieu Reimbursement:	
Allowed	862
Less: Paid	<u>862</u>
	<u>-</u>
Total Program Reimbursement Refund (Overpayment)	<u>\$ -</u>

JobTrain, Inc.

Schedule 16

Child Development Centers

STATEMENT OF CLAIM

Agreement No: 41-1663-3A

For the Period July 1, 2018 to June 30, 2019

Reimbursement per Examination (Supported by Schedules 17-20)	\$ 16,745
Less: Program Reimbursements Claimed and Received	<u>16,745</u>
Amount Due From Agency	<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, 2018 to June 30, 2019

FIXED PERCENTAGE METHOD

Federal Meal Compensation	MEALS			Food Service Rates	Revenue Recognized	Audit Adjustments	Earned Reimbursement
	Reported	Adjusted	Allowed				
<u>Breakfast</u>							
Free	2,034	-	2,034	\$ 1.7900	\$ 3,641	\$ -	\$ 3,641
Reduced	194	-	194	1.4900	289	-	289
Base	467	-	467	0.3100	145	-	145
Total	<u>2,695</u>	<u>-</u>	<u>2,695</u>		<u>4,075</u>	<u>-</u>	<u>4,075</u>
<u>Lunch</u>							
Free	2,766	-	2,766	\$ 3.3100	9,155	-	9,155
Reduced	267	-	267	2.9100	777	-	777
Base	636	-	636	0.3100	197	-	197
Total	<u>3,669</u>	<u>-</u>	<u>3,669</u>		<u>10,130</u>	<u>-</u>	<u>10,130</u>
<u>Supplements</u>							
Free	1,728	-	1,728	\$ 0.9100	1,572	-	1,572
Reduced	166	-	166	0.4500	75	-	75
Base	397	-	397	0.0800	32	-	32
Total	<u>2,291</u>	<u>-</u>	<u>2,291</u>		<u>1,679</u>	<u>-</u>	<u>1,679</u>
Total Federal Meal Reimbursement					15,883	-	15,883
Cash-In-Lieu	<u>3,669</u>	<u>-</u>	<u>3,669</u>	\$ 0.2350	862	-	862
Total Federal Reimbursement					<u>\$ 16,745</u>	<u>-</u>	<u>\$ 16,745</u>
Total Program Reimbursement Overpaid - Refund due to the State						<u>\$ -</u>	

Child Development Centers
SCHEDULE OF REPORTED, ADJUSTED AND
ALLOWED MEALS

Agreement No: 41-1663-3A

For the Period July 1, 2018 to December 31, 2018

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	July 2018			August 2018			September 2018		
<u>Breakfast</u>									
Free	200	-	200	182	-	182	168	-	168
Reduced	47	-	47	21	-	21	20	-	20
Base	35	-	35	32	-	32	29	-	29
Total	282	-	282	235	-	235	217	-	217
<u>Lunch</u>									
Free	285	-	285	252	-	252	214	-	214
Reduced	67	-	67	30	-	30	25	-	25
Base	50	-	50	44	-	44	38	-	38
Total	402	-	402	326	-	326	277	-	277
<u>Supplements</u>									
Free	184	-	184	158	-	158	141	-	141
Reduced	43	-	43	19	-	19	17	-	17
Base	33	-	33	28	-	28	24	-	24
Total	260	-	260	205	-	205	182	-	182
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	October 2018			November 2018			December 2018		
<u>Breakfast</u>									
Free	152	-	152	142	-	142	116	-	116
Reduced	13	-	13	12	-	12	10	-	10
Base	50	-	50	47	-	47	39	-	39
Total	215	-	215	201	-	201	165	-	165
<u>Lunch</u>									
Free	222	-	222	186	-	186	144	-	144
Reduced	19	-	19	16	-	16	12	-	12
Base	74	-	74	62	-	62	48	-	48
Total	315	-	315	264	-	264	204	-	204
<u>Supplements</u>									
Free	146	-	146	122	-	122	88	-	88
Reduced	12	-	12	10	-	10	7	-	7
Base	49	-	49	41	-	41	29	-	29
Total	207	-	207	173	-	173	124	-	124

Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED ANDALLOWED MEALS

Agreement No: 41-1663-3A

For the Period January 1, 2019 through June 30, 2019

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	January 2019			February 2019			March 2019		
<u>Breakfast</u>									
Free	139	-	139	157	-	157	199	-	199
Reduced	-	-	-	-	-	-	13	-	13
Base	43	-	43	45	-	45	40	-	40
Total	182	-	182	202	-	202	252	-	252
<u>Lunch</u>									
Free	192	-	192	214	-	214	261	-	261
Reduced	-	-	-	-	-	-	17	-	17
Base	59	-	59	61	-	61	53	-	53
Total	251	-	251	275	-	275	331	-	331
<u>Supplements</u>									
Free	112	-	112	135	-	135	185	-	185
Reduced	-	-	-	-	-	-	12	-	12
Base	34	-	34	38	-	38	37	-	37
Total	146	-	146	173	-	173	234	-	234
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	April 2019			May 2019			June 2019		
<u>Breakfast</u>									
Free	203	-	203	214	-	214	162	-	162
Reduced	14	-	14	25	-	25	19	-	19
Base	40	-	40	38	-	38	29	-	29
Total	257	-	257	277	-	277	210	-	210
<u>Lunch</u>									
Free	248	-	248	298	-	298	250	-	250
Reduced	17	-	17	35	-	35	29	-	29
Base	49	-	49	53	-	53	45	-	45
Total	314	-	314	386	-	386	324	-	324
<u>Supplements</u>									
Free	164	-	164	168	-	168	125	-	125
Reduced	11	-	11	20	-	20	15	-	15
Base	33	-	33	29	-	29	22	-	22
Total	208	-	208	217	-	217	162	-	162

Child Development Centers
SCHEDULE OF REPORTED, ADJUSTED AND
ALLOWED ELIGIBILITY

Agreement No: 41-1663-3A

For the Period July 1, 2018 to June 30, 2019

FIXED PERCENTAGE METHOD

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<u>Eligibility</u>												
<u>Total</u>												
Reported	24	22	22	17	17	17	17	18	19	19	22	22
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	24	22	22	17	17	17	17	18	19	19	22	22
<u>Free</u>												
Reported	17	17	17	12	12	12	13	14	15	15	17	17
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	17	17	17	12	12	12	13	14	15	15	17	17
<u>Reduced</u>												
Reported	4	2	2	1	1	1	-	-	1	1	2	2
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	4	2	2	1	1	1	-	-	1	1	2	2
<u>Base</u>												
Reported	3	3	3	4	4	4	4	4	3	3	3	3
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	3	3	3	4	4	4	4	4	3	3	3	3

JobTrain, Inc.

Schedule 21

Child Development Centers

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2019

Grantor	Federal	Grantor's	Award Amount			Expenditures		
	CFDA		Number	Federal	State	Total	Federal	State
	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	\$ 16,745	\$ -	\$ 16,745	\$ 16,745	\$ -	
Total U.S. Department of Agriculture			16,745	-	16,745	16,745	-	
<u>U.S. Department of Labor:</u>								
Workforce Innovation and Opportunity Act (WIOA) Cluster:								
Pass through the County of San Mateo:								
Youth - In and Out-of-School	17.259	001-301-18	420,000	-	420,000	420,000	-	
Total U.S. Department of Labor (WIOA Cluster)			420,000	-	420,000	420,000	-	
<u>U.S. Department of Health and Human Services:</u>								
Pass through the Center to Protect Workers Rights:								
Hazardous Waste Worker Training	93.142	2110-46	171,890	-	171,890	4,653	-	
Hazardous Waste Worker Training	93.142	2110-52	171,890	-	171,890	171,890	-	
Total pass through the Center to Protect Workers Rights			343,780	-	343,780	176,543	-	
Childcare Cluster:								
Pass through the California State Department of Education:								
California State Preschool	93.575	CSPP-8531	17,486	-	17,486	13,395	-	
California State Preschool	93.596	CSPP-8531	38,072	252,276	290,348	29,163	193,241	
Total pass through the California State Department of Education (Child Care Cluster)			55,558	252,276	307,834	42,558	193,241	
Total U.S. Department of Health and Human Services			399,338	252,276	651,614	219,101	193,241	
Total federal and state awards			\$ 836,083	\$ 252,276	\$ 1,088,359	\$ 655,846	\$ 193,241	

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, 2019, 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 11, 2019.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 11, 2019

JobTrain, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

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

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Findings and Questioned Costs

There were no findings and questioned costs.

JobTrain, Inc.
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2019

Recommendation

Status/Explanation

There were no prior year findings or recommendations.