

**JOBTRAIN, INC.**  
**MENLO PARK, CALIFORNIA**  
  
**FINANCIAL STATEMENTS**  
  
**JUNE 30, 2020**

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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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 3, 2020 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 3, 2020

JobTrain, Inc.  
STATEMENTS OF FINANCIAL POSITION  
 June 30, 2020  
 (With Comparative Totals for June 30, 2019)

	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,790,509	\$ 694,713
Investments	1,495,474	1,851,474
Grants receivable	182,633	167,650
Pledges receivable	200,000	384,375
Prepaid expenses and other current assets	23,148	23,755
Total current assets	4,691,764	3,121,967
Non-current assets:		
Fixed assets, net of accumulated depreciation	1,929,356	1,792,476
Total non-current assets	1,929,356	1,792,476
Total assets	\$ 6,621,120	\$ 4,914,443
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 261,868	\$ 110,711
Accrued payroll and benefits	378,887	305,983
Deferred revenue	664,153	50,000
Capital lease obligation, current portion	36,389	34,275
Total current liabilities	1,341,297	500,969
Long-term liabilities:		
Capital lease obligation, net of current portion	12,622	49,011
Notes payable, net of current portion	1,045,000	300,000
Total long-term liabilities	1,057,622	349,011
Total liabilities	2,398,919	849,980
Net assets:		
Net assets without donor restrictions	2,483,973	2,295,335
Net assets with donor restrictions	1,738,228	1,769,128
Total net assets	4,222,201	4,064,463
Total liabilities and net assets	\$ 6,621,120	\$ 4,914,443

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

JobTrain, Inc.  
STATEMENTS OF ACTIVITIES  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Revenues:				
Government grants	\$ 1,850,898	\$ -	\$ 1,850,898	\$ 1,276,721
Foundation grants	1,465,004	655,841	2,120,845	1,633,204
Individual contributions	756,562	-	756,562	758,881
Corporate contributions	245,000	340,000	585,000	597,500
Special events, net	532,448	-	532,448	428,789
Earned revenue	16,610	-	16,610	18,558
In-kind contributions	63,984	-	63,984	84,578
Investment return, net	5,421	4,750	10,171	80,264
Other revenue	394,261	-	394,261	168,078
Net assets released from restrictions	<u>1,031,491</u>	<u>(1,031,491)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>6,361,679</u>	<u>(30,900)</u>	<u>6,330,779</u>	<u>5,046,573</u>
Expenses:				
Program services:				
Educational and related services	4,519,989	-	4,519,989	3,991,169
Child development center	<u>718,529</u>	<u>-</u>	<u>718,529</u>	<u>719,801</u>
Total program services	<u>5,238,518</u>	<u>-</u>	<u>5,238,518</u>	<u>4,710,970</u>
Supportive services:				
Administration	324,272	-	324,272	357,239
Fundraising	<u>610,251</u>	<u>-</u>	<u>610,251</u>	<u>608,125</u>
Total supportive services	<u>934,523</u>	<u>-</u>	<u>934,523</u>	<u>965,364</u>
Total expenses	<u>6,173,041</u>	<u>-</u>	<u>6,173,041</u>	<u>5,676,334</u>
Change in net assets	188,638	(30,900)	157,738	(629,761)
Net assets, beginning of period	<u>2,295,335</u>	<u>1,769,128</u>	<u>4,064,463</u>	<u>4,694,224</u>
Net assets, end of period	<u>\$ 2,483,973</u>	<u>\$ 1,738,228</u>	<u>\$ 4,222,201</u>	<u>\$ 4,064,463</u>

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

JobTrain, Inc.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Program Services</u>			<u>Supportive Services</u>			<u>Total 2020</u>	<u>Total 2019</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	\$ 2,580,203	\$ 438,173	\$ 3,018,376	\$ 54,241	\$ 416,054	\$ 470,295	\$ 3,488,671	\$ 3,080,393
Payroll costs	750,498	144,274	894,772	31,823	107,291	139,114	1,033,886	895,404
Client support	62,844	16,096	78,940	-	-	-	78,940	39,274
Training and educational	372,615	8,115	380,730	10,985	682	11,667	392,397	422,386
Employee training and travel	16,657	192	16,849	10,575	728	11,303	28,152	37,478
Taxes, insurance and fees	23,807	6,738	30,545	111,997	6,335	118,332	148,877	134,560
Repairs and maintenance	87,018	7,243	94,261	2,429	2,810	5,239	99,500	102,285
Lease charges	85,996	4,841	90,837	1,504	2,399	3,903	94,740	79,286
Supplies and services	286,237	30,741	316,978	55,284	24,510	79,794	396,772	363,595
Utilities	143,941	35,239	179,180	12,726	20,518	33,244	212,424	192,896
Depreciation	87,442	22,710	110,152	7,352	12,648	20,000	130,152	240,038
Other expenses	22,731	4,167	26,898	25,356	16,276	41,632	68,530	88,739
 Total expenses	 <u>\$ 4,519,989</u>	 <u>\$ 718,529</u>	 <u>\$ 5,238,518</u>	 <u>\$ 324,272</u>	 <u>\$ 610,251</u>	 <u>\$ 934,523</u>	 <u>\$ 6,173,041</u>	 <u>\$ 5,676,334</u>

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

JobTrain, Inc.  
STATEMENTS OF CASH FLOWS  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets from operations	\$ 157,738	\$ (629,761)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	130,152	240,038
Net realized/unrealized (gains) and losses on investments	65,988	12,617
Changes in certain assets and liabilities:		
Grants receivable	(14,983)	57,644
Pledges receivable	184,375	(114,000)
Prepaid expenses and other current assets	607	(1,172)
Accounts payable	151,157	(42,706)
Accrued payroll and benefits	72,904	16,000
Deferred revenue	614,153	(69,143)
Net cash provided by operating activities	1,362,091	(530,483)
Cash flows from investing activities:		
Purchase of investments	(409,050)	(951,218)
Sale of investments	699,062	915,493
Acquisition of fixed assets	(267,032)	(8,806)
Net cash used by investing activities	22,980	(44,531)
Cash flows from financing activities:		
Payments on capital lease obligation	(34,275)	(32,284)
Proceeds from notes payable	745,000	-
Net cash used by financing activities	710,725	(32,284)
Net increase in cash during the year	2,095,796	(607,298)
Cash balance, beginning of period	694,713	1,302,011
Cash balance, end of period	\$ 2,790,509	\$ 694,713
Supplemental disclosures of cash flow information:		
Interest paid	\$ 4,065	\$ 6,056

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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, 2020

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.

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.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 was discontinued in November 2019. There was 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.

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 pledge for performance. A conditional pledge is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional pledges represent the remaining pledges due from the donors who have pledged funds to the Organization for use in its programs.

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

P. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 3, 2020, the date the financial statements were available to be issued.

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, 2019, from which the summarized information was derived.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

R. Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

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, 2020. 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, 2020

NOTE 4 - CASH

Cash balances at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Wells Fargo Bank	\$ 2,479,316	\$ 547,230
Vanguard	10,844	10,695
Charles Schwab	299,849	136,288
Petty cash	<u>500</u>	<u>500</u>
Total	<u>\$ 2,790,509</u>	<u>\$ 694,713</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, 2020 is as follows:

	<u>Charles Schwab Facilities Reserve</u>	<u>Charles Schwab 21<sup>st</sup> Century Campaign</u>	<u>Investment in Joint Venture</u>	<u>Total</u>
Account balances as of 6/30/19	\$ 240,384	\$ 1,610,590	\$ 500	\$ 1,851,474
Net realized and unrealized gains and (losses)	749	(66,737)	-	(65,988)
Transfers in/deposits	101,047	308,003	-	409,050
Transfers out/withdrawals	<u>(241,399)</u>	<u>(457,163)</u>	<u>(500)</u>	<u>(699,062)</u>
Account balances as of 6/30/20	<u>\$ 100,781</u>	<u>\$ 1,394,693</u>	<u>\$ -</u>	<u>\$ 1,495,474</u>
Fixed Income Funds	\$ 100,781	\$ 201,563	\$ -	\$ 302,344
Bond Funds	-	367,734	-	367,734
Equity Funds	-	787,375	-	787,375
Other Assets	<u>-</u>	<u>38,021</u>	<u>-</u>	<u>38,021</u>
Total	<u>\$ 100,781</u>	<u>\$ 1,394,693</u>	<u>\$ -</u>	<u>\$ 1,495,474</u>

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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.

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, 2020:

Level 1: Quoted prices	\$ 1,495,474
Level 2: Other significant observable inputs	-
Level 3: Significant unobservable inputs	-
Total	\$ 1,495,474

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, 2020 are further classified in accordance with FSP FAS 157-4 as follows:

	Total Investment	Level 1	Level 2	Level 3
Fixed Income Funds	\$ 302,344	\$ 302,344	\$ -	\$ -
Bond Funds	367,734	367,734	-	-
Equity Funds	787,375	787,375	-	-
Other Assets	38,021	38,021	-	-
Total	\$ 1,495,474	\$ 1,495,474	\$ -	\$ -

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 7 - FIXED ASSETS

Fixed assets as of June 30 are as follows:

	Years	2020	2019
Land	N/A	\$ 993,669	\$ 993,669
Buildings	25	2,050,236	2,050,236
Building improvements	25	2,648,944	2,381,912
Leasehold improvements	25	60,000	60,000
Furniture, equipment & vehicles	5	1,115,638	1,115,638
Total		6,868,487	6,601,455
Less accumulated depreciation		(4,939,131)	(4,808,979)
Fixed assets, net		<u>\$ 1,929,356</u>	<u>\$ 1,792,476</u>

Depreciation expense was \$130,152 and \$240,038 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE 8 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$201,308 and \$161,066 as of June 30, 2020 and June 30, 2019, 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, 2020, the office equipment has a cost of \$165,263 and related accumulated amortization of \$121,193. The lease requires monthly payments of \$3,195, and bears interest at approximately 6% per annum.

At June 30, 2020, 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>
2021 (current portion)	\$ 36,389	\$ 1,951
2022	12,622	157
Total	<u>\$ 49,011</u>	<u>\$ 2,108</u>

Total interest paid on the capital lease obligation was \$4,065 and \$6,056 for the years ended June 30, 2020 and June 30, 2019, respectively.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 10 - NOTES PAYABLE

**Note Payable with San Mateo County**

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.

**Paycheck Protection Program Note Payable**

In April 2020, the Organization obtained an SBA Paycheck Protection Program (PPP) loan through Self-Help Federal Credit Union in the amount of \$745,000 to finance operations during the Coronavirus Pandemic referenced in Note 19. The PPP loan bears an interest rate of 1% and is payable in monthly installments of \$41,723 beginning in August 2021 through January 2023. However, the PPP loan can be forgiven in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136), as interpreted and clarified by Interim Final Rule published at 13 CFR Part 120 and by any other relevant regulation promulgated or guidance issued by the U.S. Small Business Administration (SBA) or U.S. Treasury. There is no guarantee that the Organization will receive forgiveness of any portion of the Loan. Forgiveness is conditioned on SBA Approval and SBA reimbursement to the Lender.

**Loan Forgiveness:** The Organization may apply to the SBA through Self-Help Federal Credit Union for forgiveness within 10 months of the completion of the covered 24-week period. The forgiveness amount will be equal to the sum of the following costs paid by the Organization during this 24-week period, beginning on the date of first disbursement of this loan:

- a. Payroll costs (Not more than 40% of the amount forgiven can be attributable to non-payroll costs.)
- b. Any payment of interest on a covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation).
- c. Any payment on a covered rent obligation.
- d. Any covered utility payment.

Contingent payments for the PPP loan payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021 (current portion)	\$ -	\$ 8,812
2022	453,931	5,639
2023	<u>291,069</u>	<u>985</u>
Total	<u>\$ 745,000</u>	<u>\$ 15,436</u>

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 11 - LESSOR AGREEMENT

The Organization leases office space in its facility in Menlo Park, California under a lease agreement that expires on December 31, 2023. The rent income for the years ended June 30, 2020 and June 30, 2019 was \$26,081 and \$25,611, respectively. Future minimum lease receipts under this agreement are as follows:

<u>Fiscal Year Ending June 30</u>	
2021	\$ 25,865
2022	25,865
2023	25,865
2024	<u>12,933</u>
Total	<u>\$ 90,528</u>

NOTE 12 - SPECIAL EVENTS, NET

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

	<u>2020</u>	<u>2019</u>
Fundraising special events income	\$ 582,944	\$ 537,265
Fundraising expenses	<u>(50,496)</u>	<u>(108,476)</u>
Special events, net	<u>\$ 532,448</u>	<u>\$ 428,789</u>

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 \$61,029 and \$60,730 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE 14 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions - undesignated	\$ 2,342,378	\$ 2,018,868
Net assets without donor restrictions - board designated	<u>141,595</u>	<u>276,467</u>
Total	<u>\$ 2,483,973</u>	<u>\$ 2,295,335</u>

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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents - Charles Schwab	\$ 40,814	\$ 36,083
Investments - Charles Schwab	<u>100,781</u>	<u>240,384</u>
Total	<u>\$ 141,595</u>	<u>\$ 276,467</u>

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 were available for the following purposes:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Releases</u>	<u>Ending Balance</u>
<b>Subject to Expenditure for Specified Purpose</b>				
Program services	\$ 58,333	\$ 995,841	\$ (969,674)	\$ 84,500
<b>Subject to Spending Policy &amp; Appropriation</b>				
21 <sup>st</sup> Century Campaign – Sustainability Fund	1,517,817	236	(61,817)	1,456,236
21 <sup>st</sup> Century Campaign – Special Initiatives	<u>192,978</u>	<u>4,514</u>	<u>-</u>	<u>197,492</u>
Total	<u>\$ 1,769,128</u>	<u>\$ 1,000,591</u>	<u>\$ (1,031,491)</u>	<u>\$ 1,738,228</u>

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

	<u>2020</u>	<u>2019</u>
Program services:		
Cash and cash equivalents - Wells Fargo Bank	<u>\$ 84,500</u>	<u>\$ 58,333</u>
21 <sup>st</sup> Century Campaign - Sustainability Fund:		
Cash and cash equivalents - Charles Schwab	162,324	98,560
Investments - Charles Schwab	<u>1,293,912</u>	<u>1,419,257</u>
Subtotal	<u>1,456,236</u>	<u>1,517,817</u>
21 <sup>st</sup> Century Campaign - Special Initiatives:		
Cash and cash equivalents - Charles Schwab	96,711	1,645
Investments - Charles Schwab	<u>100,781</u>	<u>191,333</u>
Subtotal	<u>197,492</u>	<u>192,978</u>
Total	<u>\$ 1,738,228</u>	<u>\$ 1,769,128</u>

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

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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 and other reserves that could be drawn upon if the governing board approves that action.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,790,509	\$ 694,713
Investments	1,495,474	1,851,474
Grants receivable and pledges receivable	<u>382,633</u>	<u>552,025</u>
Total financial assets	4,668,616	3,098,212
Deferred revenue	(664,153)	(50,000)
Donor-imposed restrictions	(1,738,228)	(1,769,128)
Board designations	<u>(141,595)</u>	<u>(276,467)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,124,640</u>	<u>\$ 1,002,617</u>

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 \$266,769 and \$264,643 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
Expenses incurred to WISE	<u>\$ (50,855)</u>	<u>\$ (115,000)</u>

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 - CHANGE IN NET ASSETS BEFORE DEPRECIATION

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

	<u>2020</u>	<u>2019</u>
Total gross revenues	\$ 6,381,275	\$ 5,155,049
Total expenses, excluding depreciation*	<u>(6,093,385)</u>	<u>(5,544,772)</u>
Change in net assets before depreciation	<u>\$ 287,890</u>	<u>\$ (389,723)</u>

\*Depreciation expense of \$130,152 and \$240,038 for the years ended June 30, 2020 and June 30, 2019, respectively, was excluded from total expenses.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE 19 - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Organization's operations included restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

JobTrain, Inc.  
CHILD DEVELOPMENT PROGRAMS - GENERAL INFORMATION  
June 30, 2020

Schedule 1

Organization name:	JobTrain, Inc.
Program name and contract number:	
41-1663-3A CSPP-9529	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:	Hayam Demian
Program Director:	Marwa Ali
Finance Director:	Christal Lee
Telephone number:	(650) 330-6429
Report covered:	July 01, 2019 through June 30, 2020
Days of operation:	241 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, 2020

	<u>CSPP-9529</u>		
	California		
	State	Non-CDE	
	<u>Preschool</u>	<u>Programs</u>	<u>Total</u>
Revenues:			
Government contracts:			
Other government contracts	\$ 7,200	\$ 1,544,964	\$ 1,552,164
Child care and development programs	285,485	-	285,485
Child care food program	13,249	-	13,249
Subtotal government contracts	305,934	1,544,964	1,850,898
In-kind contributions income	-	63,984	63,984
Unrestricted contributions and other income	102,000	4,281,165	4,383,165
Family fees - certified children	16,610	-	16,610
Interest income	-	16,122	16,122
Total revenues	<u>424,544</u>	<u>5,906,235</u>	<u>6,330,779</u>
Expenses:			
Salaries	411,795	2,580,203	2,991,998
Employee benefits	135,617	750,498	886,115
Books and supplies	27,498	222,253	249,751
Rents and leases	4,566	85,996	90,562
Other operating expenses	65,551	642,595	708,146
Building repairs and maintenance	6,924	87,018	93,942
Depreciation	22,710	87,442	110,152
In-kind contributions expense	-	63,984	63,984
General, administrative, and indirect	43,868	934,523	978,391
Total expenses	<u>718,529</u>	<u>5,454,512</u>	<u>6,173,041</u>
Change in net assets	<u>\$ (293,985)</u>	<u>\$ 451,723</u>	<u>\$ 157,738</u>

SCHEDULE OF EXPENSES BY STATE CATEGORIES

Child Development Centers  
For the Year Ended June 30, 2020

	<u>CSPP-9529</u>
	California
	State
	<u>Preschool</u>
Expenses:	
Direct payments to providers	\$ -
1000 Certificated salaries	434,746
2000 Classified salaries	-
3000 Employee benefits	144,274
4000 Books and supplies	28,728
5000 Services and other operating expenses	80,871
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Depreciation on assets not purchased with public funds	22,710
Start-up expenses - service level exemption	-
Budget impasse credit expenses - service level exemption	-
Indirect costs	-
Total expenses claimed for reimbursement	<u>711,329</u>
Total supplemental expenses	<u>7,200</u>
Total expenses	<u><u>\$ 718,529</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, 2020

	<u>CSPP-9529</u>
	California
	State
	<u>Preschool</u>
Expenses:	
Schedule of Expenses by State Categories (CDE)	\$ 718,529
Adjustments to reconcile differences in reporting:	
None	-
Combining Statement of Activities (GAAP)	<u>\$ 718,529</u>

SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES

Child Development Centers  
For the Year Ended June 30, 2020

	<u>CSPP-9529</u>
	California State Preschool
	<u>Preschool</u>
Capitalized Equipment Expensed on the AUD With Prior Written Approval:	
None	\$ -
Subtotal	<u>-</u>
Capitalized Equipment Expensed on the AUD Without Prior Written Approval:	
None	<u>-</u>
Subtotal	<u>-</u>
Total	<u>\$ -</u>

SCHEDULE OF CLAIMED EXPENDITURES  
FOR RENOVATIONS AND REPAIRS

Child Development Centers  
For the Year Ended June 30, 2020

	<u>CSPP-9529</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>

SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS

Child Development Centers  
 For the Year Ended June 30, 2020

	<u>CSPP-9529</u>
	California
	State
	<u>Preschool</u>
Claimed administrative costs:	
Salaries	\$ 26,378
Employee benefits	8,657
Books and supplies	3,243
Services and other operating expenses	5,590
Depreciation on non-CDE-funded assets used in program	-
Indirect costs	<u>-</u>
 Total claimed administrative costs	 \$ <u>43,868</u>

SCHEDULE OF CLAIMED BUDGET

IMPASSE CREDIT EXPENSES

Child Development Centers

For the Year Ended June 30, 2020

	<u>CSPP-9529</u>
	California
	State
	<u>Preschool</u>
Claimed 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 claimed budget impasse credit expenses	<u>\$ -</u>

# California Department of Education Audited Attendance and Fiscal Report for California State Preschool Programs

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Schedule 9

Fiscal Year Ending **June 30, 2020**

Contract Number **CSPP-9529**

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	673		673	1.0000	673
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				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	4,658		4,658	1.1000	5,123.8
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

**Full Name of Contractor** JobTrain, Inc.

**Section 1 - Days of Enrollment Certified Children (continued)**

	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				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>5,331</b>		<b>5,331</b>	N/A	<b>5,796.8</b>
<b>DAYS OF OPERATION</b>	<b>241</b>		<b>241</b>	N/A	N/A
<b>DAYS OF ATTENDANCE</b>	<b>5,272</b>		<b>5,272</b>	N/A	N/A

**NO NON-CERTIFIED CHILDREN** Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

**Full Name of Contractor** JobTrain, Inc.

**Section 3 - Revenue**

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	12,969	280	13,249
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>	<b>12,969</b>	<b>280</b>	<b>13,249</b>
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
<b>Transfer from Reserve Total</b>			
Family Fees for Certified Children	16,610		16,610
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other: Unrestricted Contributions		102,000	102,000
<b>Total Revenue</b>	<b>29,579</b>	<b>102,280</b>	<b>131,859</b>

Comments:

**Full Name of Contractor** JobTrain, Inc.

**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	439,069	-4,323	434,746
2000 Classified Salaries			
3000 Employee Benefits	141,034	3,240	144,274
4000 Books and Supplies	13,708	15,020	28,728
5000 Services and Other Operating Expenses	104,992	-24,121	80,871
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance		22,710	22,710
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>698,803</b>	<b>12,526</b>	<b>711,329</b>
Total Administrative Cost (included in Section 4 above)			
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

**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:			
<b>Total Supplemental Revenue</b>		<b>7,200</b>	<b>7,200</b>

**Section 6 - Supplemental Expenses**

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries		3,427	3,427
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies		2,013	2,013
5000 Services and Other Operating Expenses		1,760	1,760
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
<b>Total Supplemental Expenses</b>		<b>7,200</b>	<b>7,200</b>

**Full Name of Contractor** JobTrain, Inc.

**Section 7 - Summary**

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	5,331		5,331
Days of Operation	241		241
Days of Attendance	5,272		5,272
Restricted Program Income	12,969	280	13,249
Transfer from Reserve			
Family Fees for Certified Children	16,610		16,610
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	698,803	12,526	711,329
Total Administrative Cost			
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment 5,796.8

Total Non-Certified Adjusted Days of Enrollment 0

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 (select YES or NO from the drop-down box): Yes

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): Yes

Include any comments in the comments box on page 5. 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, 2019 to June 30, 2020

Federal Fund Reimbursement Variance (Overpaid):		
Amount Reimbursable from Federal Fund	\$	12,566
Less: Federal Fund Payments to Date		<u>12,566</u>
	\$	-
 Cash-In-Lieu Reimbursement:		
Allowed		684
Paid		<u>684</u>
		<u>-</u>
 Total Program Reimbursement Refund (Overpayment)	\$	<u><u>-</u></u>

JobTrain, Inc.

Schedule 16

Child Development Centers

STATEMENT OF CLAIM

Agreement No: 41-1663-3A

For the Period July 1, 2019 to June 30, 2020

Reimbursement per Examination (Supported by Schedules 17-20)	\$ 13,249
Program Reimbursements Claimed and Received	<u>13,249</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, 2019 to June 30, 2020

FIXED PERCENTAGE METHOD

Federal Meal Compensation	MEALS			Food Service Rates	Revenue Recognized	Audit Adjustments	Earned Reimbursement
	Reported	Adjusted	Allowed				
<u>Breakfast</u>							
Free	1,374	-	1,374	\$ 1.8400	\$ 2,528	\$ -	\$ 2,528
Reduced	343	-	343	1.5400	528	-	528
Base	317	-	317	0.3100	98	-	98
Total	<u>2,034</u>	<u>-</u>	<u>2,034</u>		<u>3,155</u>	<u>-</u>	<u>3,155</u>
<u>Lunch</u>							
Free	1,953	-	1,953	\$ 3.4100	6,660	-	6,660
Reduced	480	-	480	3.0100	1,445	-	1,445
Base	445	-	445	0.3200	142	-	142
Total	<u>2,878</u>	<u>-</u>	<u>2,878</u>		<u>8,247</u>	<u>-</u>	<u>8,247</u>
<u>Supplements</u>							
Free	1,079	-	1,079	\$ 0.9400	1,014	-	1,014
Reduced	276	-	276	0.4700	130	-	130
Base	251	-	251	0.0800	20	-	20
Total	<u>1,606</u>	<u>-</u>	<u>1,606</u>		<u>1,164</u>	<u>-</u>	<u>1,164</u>
Total Federal Meal Reimbursement					12,566	-	12,566
Cash-In-Lieu	<u>2,878</u>	<u>-</u>	<u>2,878</u>	\$ 0.2375	684	-	684
Total Federal Reimbursement					<u>\$ 13,249</u>	<u>-</u>	<u>\$ 13,249</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, 2019 to December 31, 2019

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	July 2019			August 2019			September 2019		
<u>Breakfast</u>									
Free	157	-	157	167	-	167	202	-	202
Reduced	10	-	10	10	-	10	22	-	22
Base	20	-	20	21	-	21	34	-	34
Total	187	-	187	198	-	198	258	-	258
<u>Lunch</u>									
Free	245	-	245	233	-	233	299	-	299
Reduced	15	-	15	15	-	15	33	-	33
Base	31	-	31	29	-	29	50	-	50
Total	291	-	291	277	-	277	382	-	382
<u>Supplements</u>									
Free	109	-	109	117	-	117	170	-	170
Reduced	7	-	7	7	-	7	19	-	19
Base	14	-	14	15	-	15	28	-	28
Total	130	-	130	139	-	139	217	-	217
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	October 2019			November 2019			December 2019		
<u>Breakfast</u>									
Free	184	-	184	166	-	166	131	-	131
Reduced	66	-	66	59	-	59	47	-	47
Base	53	-	53	48	-	48	37	-	37
Total	303	-	303	273	-	273	215	-	215
<u>Lunch</u>									
Free	253	-	253	221	-	221	169	-	169
Reduced	90	-	90	79	-	79	60	-	60
Base	73	-	73	63	-	63	49	-	49
Total	416	-	416	363	-	363	278	-	278
<u>Supplements</u>									
Free	142	-	142	128	-	128	90	-	90
Reduced	51	-	51	46	-	46	32	-	32
Base	41	-	41	36	-	36	26	-	26
Total	234	-	234	210	-	210	148	-	148

Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED MEALS

Agreement No: 41-1663-3A

For the Period January 1, 2020 through June 30, 2020

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	January 2020			February 2020			March 2020		
<u>Breakfast</u>									
Free	148	-	148	149	-	149	70	-	70
Reduced	53	-	53	53	-	53	23	-	23
Base	42	-	42	43	-	43	19	-	19
Total	243	-	243	245	-	245	112	-	112
<u>Lunch</u>									
Free	212	-	212	223	-	223	98	-	98
Reduced	76	-	76	80	-	80	32	-	32
Base	61	-	61	63	-	63	26	-	26
Total	349	-	349	366	-	366	156	-	156
<u>Supplements</u>									
Free	124	-	124	131	-	131	68	-	68
Reduced	44	-	44	47	-	47	23	-	23
Base	36	-	36	37	-	37	18	-	18
Total	204	-	204	215	-	215	109	-	109
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	April 2020			May 2020			June 2020		
<u>Breakfast</u>									
Free	-	-	-	-	-	-	-	-	-
Reduced	-	-	-	-	-	-	-	-	-
Base	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
<u>Lunch</u>									
Free	-	-	-	-	-	-	-	-	-
Reduced	-	-	-	-	-	-	-	-	-
Base	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
<u>Supplements</u>									
Free	-	-	-	-	-	-	-	-	-
Reduced	-	-	-	-	-	-	-	-	-
Base	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED ELIGIBILITY

Agreement No: 41-1663-3A

For the Period July 1, 2019 to June 30, 2020

FIXED PERCENTAGE METHOD

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<u>Eligibility</u>												
<u>Total</u>												
Reported	19	19	23	23	23	23	23	23	24	-	-	-
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	19	19	23	23	23	23	23	23	24	-	-	-
<u>Free</u>												
Reported	16	16	18	14	14	14	14	14	15	-	-	-
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	16	16	18	14	14	14	14	14	15	-	-	-
<u>Reduced</u>												
Reported	1	1	2	5	5	5	5	5	5	-	-	-
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	1	1	2	5	5	5	5	5	5	-	-	-
<u>Base</u>												
Reported	2	2	3	4	4	4	4	4	4	-	-	-
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	2	2	3	4	4	4	4	4	4	-	-	-

JobTrain, Inc.

Schedule 21

Child Development Centers

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2020

<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	\$ 13,249	\$ -	\$ 13,249	\$ 13,249	\$ -
Total U.S. Department of Agriculture			<u>13,249</u>	<u>-</u>	<u>13,249</u>	<u>13,249</u>	<u>-</u>
<u>U.S. Department of Labor:</u>							
<b>Workforce Innovation and Opportunity Act (WIOA) Cluster:</b>							
Pass through the County of San Mateo:							
Youth - In and Out-of-School	17.259	001-301-18	<u>420,000</u>	<u>-</u>	<u>420,000</u>	<u>374,177</u>	<u>-</u>
Total U.S. Department of Labor ( <b>WIOA Cluster</b> )			<u>420,000</u>	<u>-</u>	<u>420,000</u>	<u>374,177</u>	<u>-</u>
<u>U.S. Department of Health and Human Services:</u>							
Pass through the Center to Protect Workers Rights:							
Hazardous Waste Worker Training	93.142	2110-57	<u>171,890</u>	<u>-</u>	<u>171,890</u>	<u>160,799</u>	<u>-</u>
Total pass through the Center to Protect Workers Rights			<u>171,890</u>	<u>-</u>	<u>171,890</u>	<u>160,799</u>	<u>-</u>
<b>Childcare Cluster:</b>							
Pass through the California State Department of Education:							
California State Preschool	93.596	CSPP-9529	<u>-</u>	<u>314,946</u>	<u>314,946</u>	<u>-</u>	<u>285,485</u>
Total pass through the California State Department of Education ( <b>Child Care Cluster</b> )			<u>-</u>	<u>314,946</u>	<u>314,946</u>	<u>-</u>	<u>285,485</u>
Total U.S. Department of Health and Human Services			<u>171,890</u>	<u>314,946</u>	<u>486,836</u>	<u>160,799</u>	<u>285,485</u>
Total federal and state awards			<u>\$ 605,139</u>	<u>\$ 314,946</u>	<u>\$ 920,085</u>	<u>\$ 548,225</u>	<u>\$ 285,485</u>

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, 2020, 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 3, 2020.

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 3, 2020

JobTrain, Inc.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

**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, 2020

Recommendation

Status/Explanation

There were no prior year findings or recommendations.