

JOBTRAIN, INC.
MENLO PARK, CALIFORNIA

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT**

JUNE 30, 2021

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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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 20 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 29, 2021 on our consideration of the JobTrain, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 29, 2021

JobTrain, Inc.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for June 30, 2020)

	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,466,215	\$ 2,790,509
Investments	1,663,807	1,495,474
Grants receivable	453,242	182,633
Pledges receivable	375,850	200,000
Prepaid expenses and other current assets	25,277	23,148
Total current assets	5,984,391	4,691,764
Non-current assets:		
Fixed assets, net of accumulated depreciation	2,318,197	1,929,356
Total non-current assets	2,318,197	1,929,356
Total assets	\$ 8,302,588	\$ 6,621,120
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 203,883	\$ 261,868
Accrued payroll and benefits	454,209	378,887
Deferred revenue	1,008,574	664,153
Capital lease obligation, current portion	47,546	36,389
Total current liabilities	1,714,212	1,341,297
Long-term liabilities:		
Capital lease obligation, net of current portion	160,970	12,622
Notes payable, net of current portion	300,000	1,045,000
Total long-term liabilities	460,970	1,057,622
Total liabilities	2,175,182	2,398,919
Net assets:		
Net assets without donor restrictions	4,198,183	2,483,973
Net assets with donor restrictions	1,929,223	1,738,228
Total net assets	6,127,406	4,222,201
Total liabilities and net assets	\$ 8,302,588	\$ 6,621,120

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

JobTrain, Inc.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Revenues:				
Government grants	\$ 2,368,722	\$ -	\$ 2,368,722	\$ 1,850,898
PPP grant	745,000	-	745,000	-
ERTC grant	637,863	-	637,863	-
Foundation grants	1,397,500	754,422	2,151,922	2,120,845
Individual contributions	1,006,176	-	1,006,176	756,562
Corporate contributions	224,587	350,000	574,587	585,000
Special events, net	519,543	-	519,543	532,448
Earned revenue	110	-	110	16,610
In-kind contributions	10,912	-	10,912	63,984
Investment return, net	(51)	352,630	352,579	10,171
Other revenue	713,929	-	713,929	394,261
Net assets released from restrictions	1,266,057	(1,266,057)	-	-
Total revenues	<u>8,890,348</u>	<u>190,995</u>	<u>9,081,343</u>	<u>6,330,779</u>
Expenses:				
Program services:				
Educational and related services	5,539,675	-	5,539,675	4,519,989
Child development center	642,399	-	642,399	718,529
Total program services	<u>6,182,074</u>	<u>-</u>	<u>6,182,074</u>	<u>5,238,518</u>
Supportive services:				
Administration	347,717	-	347,717	324,272
Fundraising	646,347	-	646,347	610,251
Total supportive services	<u>994,064</u>	<u>-</u>	<u>994,064</u>	<u>934,523</u>
Total expenses	<u>7,176,138</u>	<u>-</u>	<u>7,176,138</u>	<u>6,173,041</u>
Change in net assets	1,714,210	190,995	1,905,205	157,738
Net assets, beginning of period	<u>2,483,973</u>	<u>1,738,228</u>	<u>4,222,201</u>	<u>4,064,463</u>
Net assets, end of period	<u>\$ 4,198,183</u>	<u>\$ 1,929,223</u>	<u>\$ 6,127,406</u>	<u>\$ 4,222,201</u>

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

JobTrain, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services			Supportive Services			Total 2021	Total 2020
	Educational and Related Services	Child Development Center	Subtotal	Admin-- istration	Fundraising	Subtotal		
Expenses:								
Payroll	\$ 3,243,283	\$ 399,753	\$ 3,643,036	\$ 44,617	\$ 437,386	\$ 482,003	\$ 4,125,039	\$ 3,488,671
Payroll costs	1,025,690	136,683	1,162,373	32,675	115,121	147,796	1,310,169	1,033,886
Client support	138,024	4,455	142,479	-	-	-	142,479	78,940
Training and educational	449,053	8,538	457,591	20,276	639	20,915	478,506	392,397
Employee training and travel	1,712	340	2,052	3,097	563	3,660	5,712	28,152
Taxes, insurance and fees	44,811	8,161	52,972	96,450	8,953	105,403	158,375	148,877
Repairs and maintenance	158,046	879	158,925	6,409	401	6,810	165,735	99,500
Lease charges	104,156	2,592	106,748	680	1,507	2,187	108,935	94,740
Supplies and services	111,680	16,826	128,506	110,387	38,161	148,548	277,054	396,772
Utilities	138,741	34,806	173,547	16,727	20,972	37,699	211,246	212,424
Depreciation	91,750	24,440	116,190	9,493	14,169	23,662	139,852	130,152
Other expenses	32,729	4,926	37,655	6,906	8,475	15,381	53,036	68,530
	<u>\$ 5,539,675</u>	<u>\$ 642,399</u>	<u>\$ 6,182,074</u>	<u>\$ 347,717</u>	<u>\$ 646,347</u>	<u>\$ 994,064</u>	<u>\$ 7,176,138</u>	<u>\$ 6,173,041</u>
Total expenses								

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

JobTrain, Inc.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets from operations	\$ 1,905,205	\$ 157,738
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	139,852	130,152
Net realized/unrealized (gains) and losses on investments	(298,555)	65,988
Gain on disposal of fixed assets	(4,941)	-
Changes in certain assets and liabilities:		
Grants receivable	(270,609)	(14,983)
Pledges receivable	(175,850)	184,375
Prepaid expenses and other current assets	(2,129)	607
Accounts payable	(57,985)	151,157
Accrued payroll and benefits	75,322	72,904
Deferred revenue	344,421	614,153
Net cash provided by operating activities	1,654,731	1,362,091
Cash flows from investing activities:		
Purchase of investments	(719,179)	(409,050)
Disposition of investments	849,401	699,062
Acquisition of fixed assets	(319,463)	(267,032)
Net cash provided (used) by investing activities	(189,241)	22,980
Cash flows from financing activities:		
Payments on capital lease obligation	(44,784)	(34,275)
Proceeds from notes payable	-	745,000
Disposition of notes payable	(745,000)	-
Net cash provided (used) by financing activities	(789,784)	710,725
Net increase in cash during the year	675,706	2,095,796
Cash balance, beginning of period	2,790,509	694,713
Cash balance, end of period	\$ 3,466,215	\$ 2,790,509
Supplemental disclosures of cash flow information:		
Interest paid	\$ 13,980	\$ 4,065
Noncash investing and financing activities:		
Disposition of lease of equipment:		
Equipment, net of accumulated depreciation	\$ (44,070)	\$ -
Capital lease obligation	\$ 49,011	\$ -
Lease of equipment:		
Equipment	\$ 253,300	\$ -
Capital lease obligation	\$ (253,300)	\$ -

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

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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, 2021

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 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*.

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, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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. The Organization will accrue an allowance for doubtful accounts when management considers that the receivables cannot be fully collected.

F. 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.

G. 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.

H. Grants

Grants awarded by government agencies or passed through to the Organization from another donor that received funding from the government agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

I. Contributions

Contributions represent donations to the Organization from private organizations and individuals, and are recognized as support when received.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Functional Expense Allocations

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

K. 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.

L. Concentration of Credit Risk

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

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

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

M. Use of Estimates

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

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Risk Management

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

O. Contingencies

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

P. Donated Services

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

Q. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 29, 2021, the date the financial statements were available to be issued.

R. 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, 2020, from which the summarized information was derived.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

S. Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021 and should be applied on a retrospective basis. The Organization is evaluating the effect that ASU No. 2020-07 will have on its financial statements and related disclosures.

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 effect 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, 2021. 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, 2021

NOTE 4 - CASH

Cash balances at June 30 are as follows:

	2021	2020
Wells Fargo Bank	\$ 2,406,728	\$ 2,479,316
Vanguard	10,848	10,844
Charles Schwab	1,048,139	299,849
Petty cash	500	500
Total	<u>\$ 3,466,215</u>	<u>\$ 2,790,509</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, 2021 is as follows:

	Charles Schwab Facilities Reserve	Charles Schwab 21 st Century Campaign	Total
Account balances as of 6/30/20	\$ 100,781	\$ 1,394,693	\$ 1,495,474
Net realized and unrealized gains and (losses)	(1,552)	300,107	298,555
Purchase of investments	51,029	668,150	719,179
Sale of investments	(100,000)	(749,401)	(849,401)
Account balances as of 6/30/21	<u>\$ 50,258</u>	<u>\$ 1,613,549</u>	<u>\$ 1,663,807</u>

	Charles Schwab Facilities Reserve	Charles Schwab 21 st Century Campaign	Total
Fixed Income Funds	\$ 50,258	\$ 201,031	\$ 251,289
Bond Funds	-	384,736	384,736
Equity Funds	-	998,885	998,885
Other Assets	-	28,897	28,897
Total	<u>\$ 50,258</u>	<u>\$ 1,613,549</u>	<u>\$ 1,663,807</u>

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

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, 2021:

Level 1: Quoted prices	\$ 1,663,807
Level 2: Other significant observable inputs	-
Level 3: Significant unobservable inputs	-
Total	<u>\$ 1,663,807</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, 2021 are further classified in accordance with FSP FAS 157-4 as follows:

	Total Investment	Level 1	Level 2	Level 3
Fixed Income Funds	\$ 251,289	\$ 251,289	\$ -	\$ -
Bond Funds	384,736	384,736	-	-
Equity Funds	998,885	998,885	-	-
Other Assets	<u>28,897</u>	<u>28,897</u>	-	-
Total	<u>\$ 1,663,807</u>	<u>\$ 1,663,807</u>	<u>\$ -</u>	<u>\$ -</u>

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 - FIXED ASSETS

Fixed assets as of June 30 are as follows:

	Years	2021	2020
Land	N/A	\$ 993,669	\$ 993,669
Buildings	25	2,050,236	2,050,236
Building improvements	25	2,968,407	2,648,944
Leasehold improvements	25	60,000	60,000
Furniture, equipment & vehicles	5	<u>1,203,675</u>	<u>1,115,638</u>
Total		7,275,987	6,868,487
Less accumulated depreciation		<u>(4,957,790)</u>	<u>(4,939,131)</u>
Fixed assets, net		<u>\$ 2,318,197</u>	<u>\$ 1,929,356</u>

Depreciation expense was \$139,852 and \$130,152 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTE 8 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$248,810 and \$201,308 as of June 30, 2021 and June 30, 2020, respectively.

NOTE 9 - DEFERRED REVENUE

Deferred revenue at June 30 are as follows:

	2021	2020
Capital Campaign*	\$ 858,574	\$ 519,153
Information Technology Project	75,000	100,000
Other Projects	<u>75,000</u>	<u>45,000</u>
Total	<u>\$ 1,008,574</u>	<u>\$ 664,153</u>

*The Capital Campaign Fund was started during the fiscal year ended June 30, 2020 to raise funds for a new building project. The Organization is planning to construct an East Palo Alto Center that would expand services delivered and develop a new Innovation Center, Employer Partnership Center and Replication Hub for Regional Expansion.

NOTE 10 - CAPITAL LEASE OBLIGATION

The Organization had a capital lease agreement with PNC Equipment Finance for office equipment that was set to expire in October 2021. However in July 2020, the Organization and PNC Equipment Finance agreed to terminate the lease early and entered into another capital lease agreement which expires in June 2025. As of June 30, 2021, the office equipment has a cost of \$253,300 and related accumulated amortization of \$50,660. The lease requires monthly payments of \$4,897, and bears interest at approximately 6% per annum.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 10 - CAPITAL LEASE OBLIGATION (concluded)

At June 30, 2021, 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>
2022 (current portion)	\$ 47,546	\$ 11,218
2023	50,479	8,285
2024	53,592	5,172
2025	<u>56,899</u>	<u>1,866</u>
Total	<u>\$ 208,516</u>	<u>\$ 26,541</u>

Total interest paid on the capital lease obligation was \$13,980 and \$4,065 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTE 11 - 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 20. 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, on April 7, 2021, the PPP loan and accrued interest was 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. At June 30, 2021, the full amount of \$745,000 has been recognized as PPP Grants in the Statement of Activities.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 12 - 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, 2021 and June 30, 2020 was \$26,689 and \$26,081, respectively. Future minimum lease receipts under this agreement are as follows:

<u>Fiscal Year Ending June 30</u>	
2022	\$ 25,865
2023	25,865
2024	<u>12,933</u>
Total	<u>\$ 64,663</u>

NOTE 13 - SPECIAL EVENTS, NET

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

	<u>2021</u>	<u>2020</u>
Fundraising special events income	\$ 599,289	\$ 582,944
Fundraising expenses	<u>(79,746)</u>	<u>(50,496)</u>
Special events, net	<u>\$ 519,543</u>	<u>\$ 532,448</u>

NOTE 14 - 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 \$66,150 and \$61,029 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTE 15 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions - undesignated	\$ 4,056,727	\$ 2,342,378
Net assets without donor restrictions - board designated	<u>141,456</u>	<u>141,595</u>
Total	<u>\$ 4,198,183</u>	<u>\$ 2,483,973</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>2021</u>	<u>2020</u>
Cash and cash equivalents - Charles Schwab	\$ 91,198	\$ 40,814
Investments - Charles Schwab	<u>50,258</u>	<u>100,781</u>
Total	<u>\$ 141,456</u>	<u>\$ 141,595</u>

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 were available for the following purposes:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Releases</u>	<u>Ending Balance</u>
Subject to Expenditure for Specified Purpose				
Program services	\$ 84,500	\$ 1,104,422	\$ (1,188,922)	\$ -
Subject to Spending Policy & Appropriation				
21 st Century Campaign – Sustainability Fund	1,456,236	352,957	(77,135)	1,732,058
21 st Century Campaign – Special Initiatives	<u>197,492</u>	<u>(327)</u>	<u>-</u>	<u>197,165</u>
Total	<u>\$ 1,738,228</u>	<u>\$ 1,457,052</u>	<u>\$ (1,266,057)</u>	<u>\$ 1,929,223</u>

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

	<u>2021</u>	<u>2020</u>
Program services:		
Cash and cash equivalents - Wells Fargo Bank	\$ -	\$ 84,500
21 st Century Campaign - Sustainability Fund:		
Cash and cash equivalents - Charles Schwab	219,025	162,324
Investments - Charles Schwab	<u>1,513,033</u>	<u>1,293,912</u>
Subtotal	<u>1,732,058</u>	<u>1,456,236</u>
21 st Century Campaign - Special Initiatives:		
Cash and cash equivalents - Charles Schwab	96,649	96,711
Investments - Charles Schwab	<u>100,516</u>	<u>100,781</u>
Subtotal	<u>197,165</u>	<u>197,492</u>
Total	<u>\$ 1,929,223</u>	<u>\$ 1,738,228</u>

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.

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.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 17 - 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,466,215	\$ 2,790,509
Investments	1,663,807	1,495,474
Grants receivable and pledges receivable	<u>829,092</u>	<u>382,633</u>
Total financial assets	5,959,114	4,668,616
Deferred revenue	(1,008,574)	(664,153)
Donor-imposed restrictions	(1,929,223)	(1,738,228)
Board designations	<u>(141,456)</u>	<u>(141,595)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,879,861</u>	<u>\$ 2,124,640</u>

NOTE 18 - 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 \$208,708 and \$266,769 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTE 19 - CHANGE IN NET ASSETS BEFORE DEPRECIATION

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

	<u>2021</u>	<u>2020</u>
Total gross revenues	\$ 9,161,089	\$ 6,381,275
Total expenses, excluding depreciation*	<u>(7,255,884)</u>	<u>(6,093,385)</u>
Change in net assets before depreciation	<u>\$ 1,905,205</u>	<u>\$ 287,890</u>

*Depreciation expense of \$139,852 and \$130,152 for the years ended June 30, 2021 and June 30, 2020, respectively, was excluded from total expenses.

NOTE 20 - CONTINGENCY - 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.

JobTrain, Inc.
CHILD DEVELOPMENT PROGRAMS - GENERAL INFORMATION
June 30, 2021

Schedule 1

Organization name:	JobTrain, Inc.
Program name and contract number:	
41-1663-3A CSPP-0535	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:	Steve Schmidbauer
Program Director:	Marwa Ali
Finance Director:	Christal Lee
Telephone number:	(650) 330-6429
Report covered:	July 01, 2020 through June 30, 2021
Days of operation:	265 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, 2021

	CSP-0535		
	California		
	State	Non-CDE	
	Preschool	Programs	Total
Revenues:			
Government contracts:			
Other government contracts	\$ 14,287	\$ 2,037,849	\$ 2,052,136
Child care and development programs	314,946	-	314,946
Child care food program	1,640	-	1,640
Subtotal government contracts	330,873	2,037,849	2,368,722
In-kind contributions income	-	10,912	10,912
Unrestricted contributions and other income	58,500	5,253,278	5,311,778
Family fees - certified children	110	-	110
Interest income	-	6,958	6,958
Total revenues	389,483	7,308,997	7,698,480
Expenses:			
Salaries	379,999	3,243,283	3,623,282
Employee benefits	129,929	1,025,690	1,155,619
Books and supplies	15,995	100,768	116,763
Rents and leases	2,464	104,156	106,620
Other operating expenses	58,185	805,070	863,255
Building repairs and maintenance	836	158,046	158,882
Depreciation	24,440	91,750	116,190
In-kind contributions expense	-	10,912	10,912
General, administrative, and indirect	30,551	994,064	1,024,615
Total expenses	642,399	6,533,739	7,176,138
Change in net assets	\$ (252,916)	\$ 775,258	\$ 522,342

SCHEDULE OF EXPENSES BY STATE CATEGORIES

Child Development Centers
For the Year Ended June 30, 2021

	<u>CSPP-0535</u>
	California
	State
	<u>Preschool</u>
Expenses:	
Direct payments to providers	\$ -
1000 Certificated salaries	367,423
2000 Classified salaries	-
3000 Employee benefits	125,629
4000 Books and supplies	1,177
5000 Services and other operating expenses	59,443
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Depreciation on assets not purchased with public funds	24,440
Start-up expenses - service level exemption	-
Budget impasse credit expenses - service level exemption	-
Indirect costs	-
Total expenses claimed for reimbursement	<u>578,112</u>
Total supplemental expenses	<u>64,287</u>
Total expenses	<u>\$ 642,399</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, 2021

	<u>CSPP-0535</u>
	California State Preschool
	<u> </u>
Expenses:	
Schedule of Expenses by State Categories (CDE)	\$ 642,399
Adjustments to reconcile differences in reporting:	
None	-
	<u> </u>
Combining Statement of Activities (GAAP)	<u>\$ 642,399</u>

SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES

Child Development Centers
For the Year Ended June 30, 2021

	<u>CSPP-0535</u>
	California
	State
	<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, 2021

	<u>CSPP-0535</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, 2021

	<u>CSPP-0535</u>
	California State Preschool
	<u>Preschool</u>
Claimed administrative costs:	
Salaries	\$ 19,754
Employee benefits	6,754
Books and supplies	831
Services and other operating expenses	3,212
Depreciation on non-CDE-funded assets used in program	-
Indirect costs	<u>-</u>
 Total claimed administrative costs	 \$ <u><u>30,551</u></u>

SCHEDULE OF CLAIMED BUDGET

IMPASSE CREDIT EXPENSES

Child Development Centers

For the Year Ended June 30, 2021

	<u>CSPP-0535</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	<u>-</u>
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Total claimed budget impasse credit expenses	<u><u>\$ -</u></u>

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

A U D 8501 Page 1 of 8

Schedule 9

Fiscal Year Ending **June 30, 2021**

Contract Number **CSPP-0535**

Vendor Code **M322**

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

Section 1 - Days of Enrollment Certified Children

Enrollment Category	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	81		81	1.0000	81
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	2,977		2,977	1.1000	3,274.7
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)

Enrollment Category	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
TOTAL DAYS OF ENROLLMENT	3,058		3,058	N/A	3,355.7
DAYS OF OPERATION	265		265	N/A	N/A
DAYS OF ATTENDANCE	2,088		2,088	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**

Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	1,122	518	1,640
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	1,122	518	1,640
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Waived Family Fees for Certified Children (July - August)	1,993		1,993
Family Fees Collected for Certified Children (September - June)	110		110
Waived Family Fees for Certified Children (September - June)	8,751		8,751
Family Fees for Certified Children (September - June) - Subtotal	8,861		8,861
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other: Unrestricted Contributions	8,500		8,500
Total Revenue	9,732	518	10,250

Comments:

Full Name of Contractor **JobTrain, Inc.****Section 4 - Reimbursable Expenses**

Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	395,792	-28,369	367,423
2000 Classified Salaries			
3000 Employee Benefits	141,773	-16,144	125,629
4000 Books and Supplies	8,538	-7,361	1,177
5000 Services and Other Operating Expenses	107,535	-48,092	59,443
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance		24,440	24,440
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	653,638	-75,526	578,112
Total Administrative Cost (included in Section 4 above)		30,551	30,551
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

Supplemental Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other: Morgan Foundation Donation & CDC Block Grant	58,775		58,775
Other: CRRSA Stipend	5,512		5,512
Total Supplemental Revenue	64,287		64,287

Section 6 - Supplemental Expenses

Supplemental Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries		32,330	32,330
2000 Classified Salaries			
3000 Employee Benefits		11,054	11,054
4000 Books and Supplies		15,648	15,648
5000 Services and Other Operating Expenses		5,255	5,255
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses		64,287	64,287

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

Section 7 - Summary

Summary Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	3,058		3,058
Days of Operation	265		265
Days of Attendance	2,088		2,088
Restricted Program Income	1,122	518	1,640
Transfer from Reserve			
Family Fees for Certified Children (September - June)	8,861		8,861
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	653,638	-75,526	578,112
Total Administrative Cost		30,551	30,551
Total Staff Training Cost			

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

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

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

JobTrain, Inc.
Child Development Centers

Schedule 15

SUMMARY OF CLAIM

Agreement No: 41-1663-3A

For the Period July 1, 2020 to June 30, 2021

Federal Fund Reimbursement Variance (Overpaid):

Amount Reimbursable from Federal Fund	\$	1,554	
Less: Federal Fund Payments to Date		<u>1,554</u>	

\$ -

Cash-In-Lieu Reimbursement:

Allowed		86	
Paid		<u>86</u>	

-

Total Program Reimbursement Refund (Overpayment)

\$ -

JobTrain, Inc.

Schedule 16

Child Development Centers

STATEMENT OF CLAIM

Agreement No: 41-1663-3A

For the Period July 1, 2020 to June 30, 2021

Reimbursement per Examination (Supported by Schedules 17-20)	\$ 1,640
Program Reimbursements Claimed and Received	<u>1,640</u>
Amount Due From Agency	<u><u>\$ -</u></u>

Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND
ALLOWED MEALS AND EARNED REIMBURSEMENT

Agreement No: 41-1663-3A

For the Period July 1, 2020 to June 30, 2021

FIXED PERCENTAGE METHOD

Federal Meal Compensation	MEALS			Food Service Rates	Revenue Recognized	Audit Adjustments	Earned Reimbursement
	Reported	Adjusted	Allowed				
<u>Breakfast</u>							
Free	220	-	220	\$ 1.8900	\$ 416	\$ -	\$ 416
Reduced	73	-	73	1.5900	116	-	116
Base	61	-	61	0.3200	20	-	20
Total	<u>354</u>	<u>-</u>	<u>354</u>		<u>551</u>	<u>-</u>	<u>551</u>
<u>Lunch</u>							
Free	216	-	216	\$ 3.5100	758	-	758
Reduced	72	-	72	3.1100	224	-	224
Base	62	-	62	0.3300	20	-	20
Total	<u>350</u>	<u>-</u>	<u>350</u>		<u>1,003</u>	<u>-</u>	<u>1,003</u>
<u>Supplements</u>							
Free	-	-	-	\$ 0.9600	-	-	-
Reduced	-	-	-	0.4800	-	-	-
Base	-	-	-	0.0800	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total Federal Meal Reimbursement					1,554	-	1,554
Cash-In-Lieu	<u>350</u>	<u>-</u>	<u>350</u>	\$ 0.2450	86	-	86
Total Federal Reimbursement					<u>\$ 1,640</u>	<u>-</u>	<u>\$ 1,640</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, 2020 to December 31, 2020

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	July 2020			August 2020			September 2020		
<u>Breakfast</u>									
Free	-	-	-	-	-	-	-	-	-
Reduced	-	-	-	-	-	-	-	-	-
Base	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
<u>Lunch</u>									
Free	-	-	-	-	-	-	-	-	-
Reduced	-	-	-	-	-	-	-	-	-
Base	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
<u>Supplements</u>									
Free	-	-	-	-	-	-	-	-	-
Reduced	-	-	-	-	-	-	-	-	-
Base	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	October 2020			November 2020			December 2020		
<u>Breakfast</u>									
Free	34	-	34	27	-	27	18	-	18
Reduced	11	-	11	9	-	9	6	-	6
Base	11	-	11	9	-	9	6	-	6
Total	56	-	56	45	-	45	30	-	30
<u>Lunch</u>									
Free	32	-	32	28	-	28	18	-	18
Reduced	11	-	11	9	-	9	6	-	6
Base	11	-	11	10	-	10	6	-	6
Total	54	-	54	47	-	47	30	-	30
<u>Supplements</u>									
Free	-	-	-	-	-	-	-	-	-
Reduced	-	-	-	-	-	-	-	-	-
Base	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

Child Development Centers
SCHEDULE OF REPORTED, ADJUSTED AND
ALLOWED MEALS

Agreement No: 41-1663-3A

For the Period January 1, 2021 through June 30, 2021

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	January 2021			February 2021			March 2021		
<u>Breakfast</u>									
Free	30	-	30	13	-	13	28	-	28
Reduced	10	-	10	4	-	4	9	-	9
Base	10	-	10	4	-	4	9	-	9
Total	<u>50</u>	<u>-</u>	<u>50</u>	<u>21</u>	<u>-</u>	<u>21</u>	<u>46</u>	<u>-</u>	<u>46</u>
<u>Lunch</u>									
Free	29	-	29	13	-	13	27	-	27
Reduced	10	-	10	4	-	4	9	-	9
Base	10	-	10	4	-	4	9	-	9
Total	<u>49</u>	<u>-</u>	<u>49</u>	<u>21</u>	<u>-</u>	<u>21</u>	<u>45</u>	<u>-</u>	<u>45</u>
<u>Supplements</u>									
Free	-	-	-	-	-	-	-	-	-
Reduced	-	-	-	-	-	-	-	-	-
Base	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	April 2021			May 2021			June 2021		
<u>Breakfast</u>									
Free	27	-	27	26	-	26	17	-	17
Reduced	9	-	9	9	-	9	6	-	6
Base	5	-	5	4	-	4	3	-	3
Total	<u>41</u>	<u>-</u>	<u>41</u>	<u>39</u>	<u>-</u>	<u>39</u>	<u>26</u>	<u>-</u>	<u>26</u>
<u>Lunch</u>									
Free	27	-	27	25	-	25	17	-	17
Reduced	9	-	9	8	-	8	6	-	6
Base	5	-	5	5	-	5	2	-	2
Total	<u>41</u>	<u>-</u>	<u>41</u>	<u>38</u>	<u>-</u>	<u>38</u>	<u>25</u>	<u>-</u>	<u>25</u>
<u>Supplements</u>									
Free	-	-	-	-	-	-	-	-	-
Reduced	-	-	-	-	-	-	-	-	-
Base	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND

ALLOWED ELIGIBILITY

Agreement No: 41-1663-3A

For the Period July 1, 2020 to June 30, 2021

FIXED PERCENTAGE METHOD

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<u>Eligibility</u>												
<u>Total</u>												
Reported	-	-	-	10	10	10	10	10	10	9	9	9
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	-	-	-	10	10	10	10	10	10	9	9	9
<u>Free</u>												
Reported	-	-	-	6	6	6	6	6	6	6	6	6
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	-	-	-	6	6	6	6	6	6	6	6	6
<u>Reduced</u>												
Reported	-	-	-	2	2	2	2	2	2	2	2	2
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	-	-	-	2	2	2	2	2	2	2	2	2
<u>Base</u>												
Reported	-	-	-	2	2	2	2	2	2	1	1	1
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	-	-	-	2	2	2	2	2	2	1	1	1

JobTrain, Inc.
Child Development Centers
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor	Federal Assistance	Grantor's Number	Award Amount			Expenditures	
	Listing Number		Federal	State	Total	Federal	State
<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	\$ 1,640	\$ -	\$ 1,640	\$ 1,640	\$ -
Pass through the County of Santa Clara:							
CalFresh Employment and Training (CFET) Program	10.561	N/A	150,000	-	150,000	109,219	-
Total U.S. Department of Agriculture			151,640	-	151,640	110,859	-
<u>U.S. Department of Housing and Urban Development:</u>							
Pass through the City of San Jose Housing Department:							
JobTrain Employment and Housing Stability Project (CDBG)	14.228	CDI-20-M02	500,000	-	500,000	166,087	-
Total U.S. Department of Housing and Urban Development			500,000	-	500,000	166,087	-
<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	378,000	-	378,000	355,194	-
Total U.S. Department of Labor (WIOA Cluster)			378,000	-	378,000	355,194	-
<u>U.S. Department of Health and Human Services:</u>							
Pass through the Center to Protect Workers Rights:							
Hazardous Waste Worker Training	93.142	2110-23-01	171,890	-	171,890	199,227	-
Total pass through the Center to Protect Workers Rights			171,890	-	171,890	199,227	-
Childcare Cluster:							
Pass through the California State Department of Education:							
California State Preschool	93.596	CSPP-0535	-	314,946	314,946	-	314,946
Total pass through the California State Department of Education (Child Care Cluster)			-	314,946	314,946	-	314,946
Total U.S. Department of Health and Human Services			171,890	314,946	486,836	199,227	314,946
Total federal and state awards			\$ 1,201,530	\$ 314,946	\$ 1,516,476	\$ 831,367	\$ 314,946

JobTrain, Inc.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal and State Awards includes the federal grant activity of JobTrain, Inc. and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The amounts reported in the accompanying Schedule of Expenditures of Federal and State Awards agree, in all material respects, to amounts reported within JobTrain, Inc.'s financial statements.

NOTE 2 - PASS – THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal and State Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, JobTrain, Inc. determined that no identifying number is assigned for the program or JobTrain, Inc. was unable to obtain an identifying number from the pass-through entity.

NOTE 3 - FEDERAL ASSISTANCE LISTING NUMBERS

The Federal assistance listing number included in the accompanying Schedule of Expenditures of Federal and State Awards was determined based on the program name, review of the award contract, and the Office of Management and Budget's Federal assistance listing numbers.

NOTE 4 - INDIRECT COSTS

JobTrain, Inc. elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JobTrain, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of JobTrain, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JobTrain, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 29, 2021

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
JobTrain, Inc.
Menlo Park, California

Report on Compliance for Each Major Federal Program

We have audited JobTrain, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of JobTrain, Inc.'s major federal programs for the year ended June 30, 2021. JobTrain, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of JobTrain, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JobTrain, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of JobTrain, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, JobTrain, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of JobTrain, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered JobTrain, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of JobTrain, Inc.'s internal control over compliance.

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

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

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

R. J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
November 29, 2021

JobTrain, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section I – Summary of Auditors’ Results

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

<u>Federal Assistance</u>	<u>Program Name</u>	<u>Expenditures</u>
<u>Listing Number</u>		
17.259	Workforce Innovation and Opportunity Act (WIOA) Cluster	\$ 355,194
93.142	Hazardous Waste Worker Training	199,227
5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
6. Auditee qualified as a low-risk auditee? no

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.

JobTrain, Inc.
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2021

Recommendation

Status/Explanation

There were no prior year findings or recommendations.