

JOBTRAIN, INC.
MENLO PARK, CALIFORNIA

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT**

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
JobTrain, Inc.
Menlo Park, California

Opinion

We have audited the accompanying financial statements of JobTrain, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JobTrain, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JobTrain, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 JobTrain, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JobTrain, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited JobTrain, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

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 24 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 supplementary data in schedules 1 through 24 and the schedule of expenditures of federal and state awards are 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 December 7, 2022 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
December 7, 2022

JobTrain, Inc.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022
(With Comparative Totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 6,152,635	\$ 3,466,215
Investments	5,347,678	1,663,807
Grants receivable	762,231	453,242
Pledges receivable	308,000	375,850
Prepaid expenses and other current assets	<u>30,332</u>	<u>25,277</u>
Total current assets	<u>12,600,876</u>	<u>5,984,391</u>
Non-current assets:		
Fixed assets, net of accumulated depreciation	<u>2,288,976</u>	<u>2,318,197</u>
Total non-current assets	<u>2,288,976</u>	<u>2,318,197</u>
Total assets	<u><u>\$ 14,889,852</u></u>	<u><u>\$ 8,302,588</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 163,592	\$ 203,883
Accrued payroll and benefits	557,385	454,209
Deferred revenue	6,902,980	1,008,574
Capital lease obligation, current portion	<u>50,479</u>	<u>47,546</u>
Total current liabilities	<u>7,674,436</u>	<u>1,714,212</u>
Long-term liabilities:		
Capital lease obligation, net of current portion	110,490	160,970
Notes payable, net of current portion	<u>300,000</u>	<u>300,000</u>
Total long-term liabilities	<u>410,490</u>	<u>460,970</u>
Total liabilities	<u>8,084,926</u>	<u>2,175,182</u>
Net assets:		
Net assets without donor restrictions	5,113,321	4,198,183
Net assets with donor restrictions	<u>1,691,605</u>	<u>1,929,223</u>
Total net assets	<u>6,804,926</u>	<u>6,127,406</u>
Total liabilities and net assets	<u><u>\$ 14,889,852</u></u>	<u><u>\$ 8,302,588</u></u>

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

JobTrain, Inc.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenues:				
Government grants	\$ 3,426,038	\$ -	\$ 3,426,038	\$ 2,368,722
PPP grant	-	-	-	745,000
ERTC grant	390,472	-	390,472	637,863
Foundation grants	425,000	1,892,945	2,317,945	2,151,922
Individual contributions	987,623	-	987,623	1,006,176
Corporate contributions	30,000	641,000	671,000	574,587
Special events, net	355,514	-	355,514	519,543
In-kind contributions	34,680	-	34,680	10,912
Investment return, net	(11,711)	(178,648)	(190,359)	352,579
Other revenue	990,847	-	990,847	714,039
Net assets released from restrictions	2,592,915	(2,592,915)	-	-
Total revenues	9,221,378	(237,618)	8,983,760	9,081,343
Expenses:				
Program services:				
Educational and related services	6,423,627	-	6,423,627	5,539,675
Child development center	553,220	-	553,220	642,399
Total program services	6,976,847	-	6,976,847	6,182,074
Supportive services:				
Administration	482,673	-	482,673	347,717
Fundraising	846,720	-	846,720	646,347
Total supportive services	1,329,393	-	1,329,393	994,064
Total expenses	8,306,240	-	8,306,240	7,176,138
Change in net assets	915,138	(237,618)	677,520	1,905,205
Net assets, beginning of period	4,198,183	1,929,223	6,127,406	4,222,201
Net assets, end of period	\$ 5,113,321	\$ 1,691,605	\$ 6,804,926	\$ 6,127,406

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

JobTrain, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Program Services			Supportive Services				
	Educational and Related Services	Child Development Center	Subtotal	Admin-- istration	Fundraising	Subtotal	Total 2022	Total 2021
Expenses:								
Payroll	\$ 4,110,525	\$ 316,549	\$ 4,427,074	\$ 42,580	\$ 577,822	\$ 620,402	\$ 5,047,476	\$ 4,125,039
Payroll costs	1,127,095	105,976	1,233,071	67,337	134,124	201,461	1,434,532	1,310,169
Client support	106,032	12,392	118,424	-	-	-	118,424	142,479
Training and educational	375,501	7,985	383,486	24,550	250	24,800	408,286	478,506
Employee training and travel	10,768	366	11,134	8,765	6,966	15,731	26,865	5,712
Taxes, insurance and fees	50,271	6,865	57,136	125,544	12,465	138,009	195,145	158,375
Repairs and maintenance	96,282	16,228	112,510	2,468	948	3,416	115,926	165,735
Lease charges	129,551	5,378	134,929	2,547	4,314	6,861	141,790	108,935
Supplies and services	133,264	32,990	166,254	160,932	45,110	206,042	372,296	277,054
Utilities	151,263	26,869	178,132	18,337	26,265	44,602	222,734	211,246
Depreciation	84,265	17,436	101,701	11,172	16,582	27,754	129,455	139,852
Other expenses	48,810	4,186	52,996	18,441	21,874	40,315	93,311	53,036
Total expenses	<u>\$ 6,423,627</u>	<u>\$ 553,220</u>	<u>\$ 6,976,847</u>	<u>\$ 482,673</u>	<u>\$ 846,720</u>	<u>\$ 1,329,393</u>	<u>\$ 8,306,240</u>	<u>\$ 7,176,138</u>

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

JobTrain, Inc.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets from operations	\$ 677,520	\$ 1,905,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	129,455	139,852
Net realized/unrealized (gains) and losses on investments	265,848	(298,555)
Gain on disposal of fixed assets	-	(4,941)
Changes in certain assets and liabilities:		
Grants receivable	(308,989)	(270,609)
Pledges receivable	67,850	(175,850)
Prepaid expenses and other current assets	(5,055)	(2,129)
Accounts payable	(40,291)	(57,985)
Accrued payroll and benefits	103,176	75,322
Deferred revenue	5,894,406	344,421
Net cash provided by operating activities	<u>6,783,920</u>	<u>1,654,731</u>
Cash flows from investing activities:		
Purchase of investments	(4,691,630)	(719,179)
Disposition of investments	741,911	849,401
Acquisition of fixed assets	(100,234)	(319,463)
Net cash used by investing activities	<u>(4,049,953)</u>	<u>(189,241)</u>
Cash flows from financing activities:		
Payments on capital lease obligation	(47,547)	(44,784)
Disposition of notes payable	-	(745,000)
Net cash used by financing activities	<u>(47,547)</u>	<u>(789,784)</u>
Net increase in cash during the year	2,686,420	675,706
Cash balance, beginning of period	<u>3,466,215</u>	<u>2,790,509</u>
Cash balance, end of period	<u>\$ 6,152,635</u>	<u>\$ 3,466,215</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 11,218</u>	<u>\$ 13,980</u>
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, 2022

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, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

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, 2022

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, 2022

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, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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 December 7, 2022, 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, 2021, from which the summarized information was derived.

S. Implementation of 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 Organization adopted the standards on July 1, 2021. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH

Cash balances at June 30 are as follows:

	2022	2021
Wells Fargo Bank	\$ 3,956,517	\$ 2,406,728
Vanguard	10,866	10,848
Charles Schwab	2,184,752	1,048,139
Petty cash	500	500
Total	<u>\$ 6,152,635</u>	<u>\$ 3,466,215</u>

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

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - INVESTMENTS

Activity for the year ended June 30, 2022 is as follows:

	Charles Schwab 21 st Century Campaign	Charles Schwab Other Funds	Total
Account balances as of 6/30/21	\$ 1,613,549	\$ 50,258	\$ 1,663,807
Net realized and unrealized gains and (losses)	(245,923)	(19,925)	(265,848)
Purchase of investments	616,991	4,074,640	4,691,631
Sale of investments	(343,778)	(398,134)	(741,912)
Account balances as of 6/30/22	<u>\$ 1,640,839</u>	<u>\$ 3,706,839</u>	<u>\$ 5,347,678</u>

	Charles Schwab 21 st Century Campaign	Charles Schwab Other Funds	Total
Fixed Income Funds	\$ 342,405	\$ 3,706,839	\$ 4,049,244
Bond Funds	459,014	-	459,014
Equity Funds	782,292	-	782,292
Exchange Traded Funds	57,128	-	57,128
Total	<u>\$ 1,640,839</u>	<u>\$ 3,706,839</u>	<u>\$ 5,347,678</u>

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

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

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

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

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

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

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

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE (concluded)

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, 2022:

Level 1: Quoted prices	\$ 5,347,678
Level 2: Other significant observable inputs	-
Level 3: Significant unobservable inputs	-
Total	<u>\$ 5,347,678</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, 2022 are further classified in accordance with FSP FAS 157-4 as follows:

	Total Investment	Level 1	Level 2	Level 3
Fixed Income Funds	\$ 4,049,244	\$ 4,049,244	\$ -	\$ -
Bond Funds	459,014	459,014	-	-
Equity Funds	782,292	782,292	-	-
Exchange Traded Funds	<u>57,128</u>	<u>57,128</u>	-	-
Total	<u>\$ 5,347,678</u>	<u>\$ 5,347,678</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - FIXED ASSETS

Fixed assets as of June 30 are as follows:

	Years	2022	2021
Land	N/A	\$ 993,669	\$ 993,669
Buildings	25	2,050,236	2,050,236
Building improvements	25	3,050,777	2,968,407
Leasehold improvements	25	60,000	60,000
Furniture, equipment & vehicles	5	<u>1,221,538</u>	<u>1,203,675</u>
Total		7,376,220	7,275,987
Less accumulated depreciation		<u>(5,087,244)</u>	<u>(4,957,790)</u>
Fixed assets, net		<u>\$ 2,288,976</u>	<u>\$ 2,318,197</u>

Depreciation expense was \$129,455 and \$139,852 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTE 8 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$279,281 and \$248,810 as of June 30, 2022 and June 30, 2021, respectively.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - DEFERRED REVENUE

Deferred revenue at June 30 is as follows:

	2022	2021
Capital Campaign*	\$ 1,488,574	\$ 858,574
Economic Mobility for All**	4,744,406	-
Information Technology Project	-	75,000
Other Projects	670,000	75,000
Total	<u>\$ 6,902,980</u>	<u>\$ 1,008,574</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.

**The Organization received an advance in the amount of \$5,000,000 from the California Workforce Development Board (a State agency) in May 2022 for the purposes of the Economic Mobility for All initiative. Through this project, the Organization will expand their existing services to reach more people across the Bay Area and create new and innovative programs to assist their graduates on their path to economic mobility. As of June 30, 2022, \$255,594 has been earned. The balance of \$4,744,406 is expected to be earned during the period July 1, 2022 through June 30, 2024.

NOTE 10 - CAPITAL LEASE OBLIGATION

The Organization has a capital lease agreement with PNC Equipment Finance for office equipment that expires in June 2025. As of June 30, 2022, the office equipment has a cost of \$253,300 and related accumulated amortization of \$101,320. The lease requires monthly payments of \$4,897, and bears interest at approximately 6% per annum.

At June 30, 2022, the present value of the future minimum annual obligations under the agreement is as follows:

<u>Fiscal Year Ending June 30</u>	Principal	Interest
2023 (current portion)	\$ 50,479	\$ 8,285
2024	53,592	5,172
2025	56,898	1,866
Total	<u>\$ 160,969</u>	<u>\$ 15,323</u>

Total interest paid on the capital lease obligation was \$11,218 and \$13,980 for the years ended June 30, 2022 and June 30, 2021, respectively.

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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.

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, 2022 and June 30, 2021 was \$27,179 and \$26,689, respectively. Future minimum lease receipts under this agreement are as follows:

Fiscal Year Ending June 30

2023	\$ 27,448
2024	<u>13,724</u>
Total	<u>\$ 41,172</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>2022</u>	<u>2021</u>
Fundraising special events income	\$ 470,070	\$ 599,289
Fundraising expenses	<u>(114,556)</u>	<u>(79,746)</u>
Special events, net	<u>\$ 355,514</u>	<u>\$ 519,543</u>

NOTE 14 - IN-KIND CONTRIBUTIONS - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within revenue included:

	<u>2022</u>	<u>2021</u>
Outside services	\$ 22,988	\$ 10,512
Supplies	<u>11,692</u>	<u>400</u>
Total	<u>\$ 34,680</u>	<u>\$ 10,912</u>

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 14 - IN-KIND CONTRIBUTIONS - CONTRIBUTED NONFINANCIAL ASSETS (concluded)

The Organization received contributed nonfinancial assets within revenue, including contributed outside services and supplies. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Outside Services

Contributed outside services recognized comprise of professional services from landscaping and air conditioning maintenance services which would be normally paid for by the Organization. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Supplies

The Organization estimated the fair value of the supplies on the basis of estimates of wholesale values that would be received for selling similar products.

NOTE 15 - PENSION PLAN

The Organization has a defined contribution plan under Section 403(b) of the Internal Revenue Code, (the Plan) for all employees with 1,000 hours of service during a full year. The Organization contributes up to 4% of gross salaries for all eligible employees, as defined, on a monthly basis. Pension expense related to the Plan was \$94,785 and \$66,150 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTE 16 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	2022	2021
Net assets without donor restrictions - undesignated	\$ 4,893,192	\$ 4,056,727
Net assets without donor restrictions - board designated	<u>220,129</u>	<u>141,456</u>
Total	<u>\$ 5,113,321</u>	<u>\$ 4,198,183</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:

	2022	2021
Cash and cash equivalents - Charles Schwab	\$ 1,220	\$ 91,198
Investments - Charles Schwab	<u>218,909</u>	<u>50,258</u>
Total	<u>\$ 220,129</u>	<u>\$ 141,456</u>

JobTrain, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 were available for the following purposes:

	Beginning Balance	Contributions/ Earnings	Releases	Ending Balance
Subject to Expenditure for Specified Purpose				
Program services	\$ -	\$ 2,533,945	\$ (2,513,945)	\$ 20,000
Subject to Spending Policy & Appropriation				
21 st Century Campaign – Sustainability Fund	1,732,058	(177,952)	(78,970)	1,475,136
21 st Century Campaign – Special Initiatives	197,165	(696)	-	196,469
Total	<u>\$ 1,929,223</u>	<u>\$ 2,355,297</u>	<u>\$ (2,592,915)</u>	<u>\$ 1,691,605</u>

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

	2022	2021
Program services:		
Cash and cash equivalents - Wells Fargo Bank	\$ 20,000	\$ -
21 st Century Campaign - Sustainability Fund:		
Cash and cash equivalents - Charles Schwab	28,418	219,025
Investments - Charles Schwab	1,446,718	1,513,033
Subtotal	<u>1,475,136</u>	<u>1,732,058</u>
21 st Century Campaign - Special Initiatives:		
Cash and cash equivalents - Charles Schwab	2,348	96,649
Investments - Charles Schwab	194,121	100,516
Subtotal	<u>196,469</u>	<u>197,165</u>
Total	<u>\$ 1,691,605</u>	<u>\$ 1,929,223</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, 2022

NOTE 18 - 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.

	2022	2021
Cash and cash equivalents	\$ 6,152,635	\$ 3,466,215
Investments	5,347,678	1,663,807
Grants receivable and pledges receivable	<u>1,070,231</u>	<u>829,092</u>
Total financial assets	12,570,544	5,959,114
Deferred revenue	(6,902,980)	(1,008,574)
Donor-imposed restrictions	(1,691,605)	(1,929,223)
Board designations	<u>(220,129)</u>	<u>(141,456)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,755,830</u>	<u>\$ 2,879,861</u>

NOTE 19 - 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 \$139,540 and \$208,708 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022

Schedule 1

Organization name:	JobTrain, Inc.
Program name and contract number:	
41-1663-3A CSPP-1526	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:	Rose Ayala
Finance Director:	Christal Lee
Telephone number:	(650) 330-6429
Report covered:	July 01, 2021 through June 30, 2022
Days of operation:	231 days
Hours of operation:	6:30 AM - 5:00 PM
Total hours of operation:	10.5

JobTrain, Inc.
COMBINING SCHEDULE OF ACTIVITIES
 Child Development Centers
 For the Year Ended June 30, 2022

Schedule 2

	<u>CSPP-1526</u>		
	California		
	State	Non-CDE	
	<u>Preschool</u>	<u>Programs</u>	<u>Total</u>
Revenues:			
Government contracts:			
Other government contracts	\$ 6,064	\$ 3,400,782	\$ 3,406,846
Child care and development programs	401,466	-	401,466
Child care food program	8,198	-	8,198
Subtotal government contracts	415,728	3,400,782	3,816,510
In-kind contributions income	-	34,680	34,680
Unrestricted contributions and other income	-	5,114,339	5,114,339
Interest income	-	18,231	18,231
Total revenues	<u>415,728</u>	<u>8,568,032</u>	<u>8,983,760</u>
Expenses:			
Salaries	298,405	4,110,525	4,408,930
Employee benefits	99,902	1,127,095	1,226,997
Books and supplies	31,099	133,264	164,363
Rents and leases	5,070	129,551	134,621
Other operating expenses	55,299	707,965	763,264
Building repairs and maintenance	15,298	96,282	111,580
Depreciation	17,436	84,265	101,701
In-kind contributions expense	-	34,680	34,680
General, administrative, and indirect	30,711	1,329,393	1,360,104
Total expenses	<u>553,220</u>	<u>7,753,020</u>	<u>8,306,240</u>
Change in net assets	<u>\$ (137,492)</u>	<u>\$ 815,012</u>	<u>\$ 677,520</u>

JobTrain, Inc.
SCHEDULE OF EXPENSES BY STATE CATEGORIES
 Child Development Centers
 For the Year Ended June 30, 2022

Schedule 3

	CSPP-1526
	California
	State
	Preschool
Expenses:	
Direct payments to providers	\$ -
1000 Certificated salaries	316,549
2000 Classified salaries	-
3000 Employee benefits	105,976
4000 Books and supplies	32,990
5000 Services and other operating expenses	80,269
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Depreciation on assets not purchased with public funds	17,436
Start-up expenses - service level exemption	-
Budget impasse credit expenses - service level exemption	-
Indirect costs	-
Total expenses claimed for reimbursement	553,220
Total supplemental expenses	-
Total expenses	\$ 553,220

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.

JobTrain, Inc.
RECONCILIATION OF CDE AND GAAP EXPENSE REPORTING
Child Development Centers
For the Year Ended June 30, 2022

Schedule 4

	<u>CSPP-1526</u>
	California
	State
	<u>Preschool</u>
Expenses:	
Schedule of Expenses by State Categories (CDE)	\$ 553,220
Adjustments to reconcile differences in reporting:	
None	<u>-</u>
Combining Statement of Activities (GAAP)	<u><u>\$ 553,220</u></u>

JobTrain, Inc.
SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES
Child Development Centers
For the Year Ended June 30, 2022

Schedule 5

	<u>CSPP-1526</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>\$ -</u></u>

JobTrain, Inc.
SCHEDULE OF CLAIMED EXPENDITURES
FOR RENOVATIONS AND REPAIRS
Child Development Centers
For the Year Ended June 30, 2022

Schedule 6

	<u>CSPP-1526</u>
	California
	State
	<u>Preschool</u>
<u>Unit Cost Under \$10,000 Per Item:</u>	
None	\$ -
Subtotal	-
<u>Unit Cost \$10,000 or More Per Item With Prior Written Approval:</u>	
None	-
Subtotal	-
<u>Unit Cost \$10,000 or More Per Item Without Prior Written Approval:</u>	
None	-
Subtotal	-
Total	\$ -

JobTrain, Inc.
SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS
Child Development Centers
For the Year Ended June 30, 2022

Schedule 7

	<u>CSPP-1526</u>
	California
	State
	<u>Preschool</u>
Claimed administrative costs:	
Salaries	\$ 18,144
Employee benefits	6,074
Books and supplies	1,891
Services and other operating expenses	4,602
Depreciation on non-CDE-funded assets used in program	-
Indirect costs	<u>-</u>
Total claimed administrative costs	<u>\$ 30,711</u>

JobTrain, Inc.
SCHEDULE OF CLAIMED BUDGET
IMPASSE CREDIT EXPENSES
 Child Development Centers
 For the Year Ended June 30, 2022

Schedule 8

	<u>CSPP-1526</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>\$ -</u></u>

Contractor Name: JobTrain, Inc.

Contract Number: CSPP-1526

California Department of Education
Audited Enrollment, Attendance and Fiscal
Report for California State Preschool Program

Fiscal Year Ended: June 30, 2022

Vendor Code: M322

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**Number of counties where the agency provided services to non-certified children (Form 3): **0**Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**Total enrollment and attendance forms to attach: **2**

Note: For each of the above categories, submit one July-December form and one form for each service county for January-June.

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	1,549	0	1,549	1,694.9000
Total Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Attendance (including MHCS)	1,549	0	1,549	N/A
Total Non-Certified Days of Enrollment	0	0	0	0.0000
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	231	0	231	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	7,076	1,122	8,198
County Maintenance of Effort (EC Section 8279)			0
Other: QRIS Local Block Grant	3,564	0	3,564
Other: CA State Grant		2,500	2,500
TOTAL RESTRICTED INCOME	10,640	3,622	14,262

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Reserve	0	0	0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children	10,995	0	10,995
Interest Earned on Child Development Apportionment Payments			0
Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	312,692	3,857	316,549
2000 Classified Salaries			0
3000 Employee Benefits	103,991	1,985	105,976
4000 Books and Supplies	8,020	24,970	32,990
5000 Services and Other Operating Expenses	114,345	(34,076)	80,269
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance		17,436	17,436
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)			0
TOTAL REIMBURSABLE EXPENSES	539,048	14,172	553,220

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)? ☐ Yes ☒ No

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)		30,711	30,711
Total Staff Training Cost (included in Reimbursable Expenses)			0

☐ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other:			0
Other:			0
TOTAL SUPPLEMENTAL REVENUE	0	0	0

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			0
2000 Classified Salaries	63	(63)	0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses			0
TOTAL SUPPLEMENTAL EXPENSES	63	(63)	0

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	1,549	0	1,549
Days of Operation	231	0	231
Days of Attendance (including MHCS)	1,549	0	1,549
Total Certified Adjusted Days of Enrollment	N/A	N/A	1,694.9000
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	10,640	3,622	14,262
Transfer from Reserve	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	539,048	14,172	553,220
Total Administrative Cost	0	30,711	30,711
Total Staff Training Cost	0	0	0
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Contractor Name: JobTrain, Inc.

Contract Number: CSPP-1526

Section 7 – Auditor’s Assurances

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 Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): ☒ Yes ☐ No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): ☒ Yes ☐ No

Section 8 – Comments

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

Contractor Name: JobTrain, Inc.

Contract Number: CSPP1526

California State Preschool Program – Form 1A

Certified Children Days of Enrollment and Attendance from July 2021 – December 2021

Pilot Program: None

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time			0	1.0000	0.0000
Three Years and Older Three-quarters-time			0	0.7500	0.0000
Three Years and Older One-half-time			0	0.6193	0.0000
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs Three-quarters-time			0	1.1550	0.0000
Exceptional Needs One-half-time			0	0.9537	0.0000
Limited and Non-English Proficient Full-time-plus			0	1.2980	0.0000
Limited and Non-English Proficient Full-time	687	0	687	1.1000	755.7000
Limited and Non-English Proficient Three-quarters-time			0	0.8250	0.0000
Limited and Non-English Proficient One-half-time			0	0.6193	0.0000

Contractor Name: JobTrain, Inc.

Contract Number: CSPP1526

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Three-quarters-time			0	0.8250	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6193	0.0000
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled Three-quarters-time			0	1.4475	0.0000
Severely Disabled One-half-time			0	1.1952	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	687	0	687	N/A	755.7000

Attendance	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	687	0	687	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

Contractor Name: JobTrain, Inc.

Contract Number: CSPP1526

California State Preschool Program – Form 1B

Certified Children Days of Enrollment and Attendance from January 2022 – June 2022

Service County: San Mateo

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	90	0	90	1.0000	90.0000
Three Years and Older One-half-time			0	0.6051	0.0000
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs One-half-time			0	0.9319	0.0000
Dual Language Learner Full-time-plus			0	1.2980	0.0000
Dual Language Learner Full-time	772	0	772	1.1000	849.2000
Dual Language Learner One-half-time			0	0.6051	0.0000
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6051	0.0000

Contractor Name: JobTrain, Inc.

Contract Number: CSPP1526

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled One-half-time			0	1.1678	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	862	0	862	N/A	939.2000

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	862	0	862	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

JobTrain, Inc.
Child Development Centers
SUMMARY OF CLAIM
Agreement No: 41-1663-3A
For the Period July 1, 2021 to June 30, 2022

Schedule 19

Federal Fund Reimbursement Variance (Overpaid):

Amount Reimbursable from Federal Fund	\$ 4,926	
Less: Federal Fund Payments to Date	<u>4,926</u>	
		\$ -

Cash-In-Lieu Reimbursement:

Allowed	306	
Paid	<u>306</u>	
		-

State Meal Reimbursement:

Allowed	260	
Paid	<u>260</u>	
		-

COVID-19 Emergency Operational Costs Reimbursement:

Allowed	2,706	
Paid	<u>2,706</u>	
		-

Total Program Reimbursement Refund (Overpayment)

\$ -

JobTrain, Inc.
Child Development Centers
STATEMENT OF CLAIM
Agreement No: 41-1663-3A
For the Period July 1, 2021 to June 30, 2022

Schedule 20

Reimbursement per Examination (Supported by Schedules 21-24)	\$ 8,198
Program Reimbursements Claimed and Received	<u>8,198</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, 2021 to June 30, 2022

FIXED PERCENTAGE METHOD

Federal Meal Compensation	MEALS			Food Service Rates	Revenue Recognized	Audit Adjustments	Earned Reimbursement
	Reported	Adjusted	Allowed				
<u>Breakfast</u>							
Free	700	-	700	\$ 1.9700	\$ 1,379	\$ -	\$ 1,379
Reduced	-	-	-	1.6700	-	-	-
Base	467	-	467	0.3300	154	-	154
Total	<u>1,167</u>	<u>-</u>	<u>1,167</u>		<u>1,533</u>	<u>-</u>	<u>1,533</u>
<u>Lunch</u>							
Free	705	-	705	\$ 3.6600	2,580	-	2,580
Reduced	-	-	-	3.2600	-	-	-
Base	471	-	471	0.3500	165	-	165
Total	<u>1,176</u>	<u>-</u>	<u>1,176</u>		<u>2,745</u>	<u>-</u>	<u>2,745</u>
<u>Supplements</u>							
Free	611	-	611	\$ 1.0000	611	-	611
Reduced	-	-	-	0.5000	-	-	-
Base	406	-	406	0.0900	37	-	37
Total	<u>1,017</u>	<u>-</u>	<u>1,017</u>		<u>648</u>	<u>-</u>	<u>648</u>
Total Federal Meal Reimbursement					4,926	-	4,926
Cash-In-Lieu	<u>1,176</u>	<u>-</u>	<u>1,176</u>	\$ 0.2600	306	-	306
State Meal Reimbursement	<u>1,405</u>	<u>-</u>	<u>1,405</u>	\$ 0.1853	260	-	260
COVID-19 Emergency Operational Costs Reimbursement					<u>2,706</u>	<u>-</u>	<u>2,706</u>
Total Federal and State Reimbursement					<u>\$ 8,198</u>	<u>\$ -</u>	<u>\$ 8,198</u>
Total Program Reimbursement Overpaid - Refund due to the State						<u>\$ -</u>	

JobTrain, Inc.
Child Development Centers
SCHEDULE OF REPORTED, ADJUSTED AND
ALLOWED MEALS
Agreement No: 41-1663-3A
For the Period July 1, 2021 to December 31, 2021

Schedule 22

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	July 2021			August 2021			September 2021		
<u>Breakfast</u>									
Free	60	-	60	35	-	35	50	-	50
Reduced	-	-	-	-	-	-	-	-	-
Base	24	-	24	34	-	34	50	-	50
Total	84	-	84	69	-	69	100	-	100
<u>Lunch</u>									
Free	60	-	60	35	-	35	50	-	50
Reduced	-	-	-	-	-	-	-	-	-
Base	24	-	24	35	-	35	50	-	50
Total	84	-	84	70	-	70	100	-	100
<u>Supplements</u>									
Free	40	-	40	30	-	30	42	-	42
Reduced	-	-	-	-	-	-	-	-	-
Base	16	-	16	29	-	29	42	-	42
Total	56	-	56	59	-	59	84	-	84
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	October 2021			November 2021			December 2021		
<u>Breakfast</u>									
Free	74	-	74	41	-	41	35	-	35
Reduced	-	-	-	-	-	-	-	-	-
Base	37	-	37	40	-	40	34	-	34
Total	111	-	111	81	-	81	69	-	69
<u>Lunch</u>									
Free	74	-	74	41	-	41	35	-	35
Reduced	-	-	-	-	-	-	-	-	-
Base	37	-	37	40	-	40	35	-	35
Total	111	-	111	81	-	81	70	-	70
<u>Supplements</u>									
Free	65	-	65	33	-	33	29	-	29
Reduced	-	-	-	-	-	-	-	-	-
Base	32	-	32	33	-	33	28	-	28
Total	97	-	97	66	-	66	57	-	57

JobTrain, Inc.
Child Development Centers
SCHEDULE OF REPORTED, ADJUSTED AND
ALLOWED MEALS
Agreement No: 41-1663-3A
For the Period January 1, 2022 through June 30, 2022

Schedule 23

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	January 2022			February 2022			March 2022		
<u>Breakfast</u>									
Free	25	-	25	65	-	65	88	-	88
Reduced	-	-	-	-	-	-	-	-	-
Base	19	-	19	39	-	39	53	-	53
Total	44	-	44	104	-	104	141	-	141
<u>Lunch</u>									
Free	25	-	25	65	-	65	88	-	88
Reduced	-	-	-	-	-	-	-	-	-
Base	19	-	19	39	-	39	52	-	52
Total	44	-	44	104	-	104	140	-	140
<u>Supplements</u>									
Free	23	-	23	61	-	61	73	-	73
Reduced	-	-	-	-	-	-	-	-	-
Base	17	-	17	36	-	36	44	-	44
Total	40	-	40	97	-	97	117	-	117
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	April 2022			May 2022			June 2022		
<u>Breakfast</u>									
Free	86	-	86	75	-	75	66	-	66
Reduced	-	-	-	-	-	-	-	-	-
Base	52	-	52	45	-	45	40	-	40
Total	138	-	138	120	-	120	106	-	106
<u>Lunch</u>									
Free	87	-	87	74	-	74	71	-	71
Reduced	-	-	-	-	-	-	-	-	-
Base	52	-	52	45	-	45	43	-	43
Total	139	-	139	119	-	119	114	-	114
<u>Supplements</u>									
Free	81	-	81	73	-	73	61	-	61
Reduced	-	-	-	-	-	-	-	-	-
Base	49	-	49	43	-	43	37	-	37
Total	130	-	130	116	-	116	98	-	98

JobTrain, Inc.
Child Development Centers
SCHEDULE OF REPORTED, ADJUSTED AND
ALLOWED ELIGIBILITY
Agreement No: 41-1663-3A
For the Period July 1, 2021 to June 30, 2022

Schedule 24

FIXED PERCENTAGE METHOD

	<u>July</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>
<u>Eligibility</u>												
<u>Total</u>												
Reported	7	6	6	6	6	6	7	8	8	8	8	-
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	7	6	6	6	6	6	7	8	8	8	8	-
<u>Free</u>												
Reported	5	3	3	4	3	3	4	5	5	5	5	-
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	5	3	3	4	3	3	4	5	5	5	5	-
<u>Reduced</u>												
Reported	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	-	-	-	-	-	-	-	-	-	-	-	-
<u>Base</u>												
Reported	2	3	3	2	3	3	3	3	3	3	3	-
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	2	3	3	2	3	3	3	3	3	3	3	-

JobTrain, Inc.
NOTES TO THE CHILD CARE AND DEVELOPMENT
PROGRAM SUPPLEMENTAL INFORMATION
June 30, 2022

In accordance with the applicable requirements from the Funding Terms & Conditions:

NOTE 1 - INTEREST EXPENSE

Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. There was no interest expense that was claimed to a child development contract for the year ended June 30, 2022.

NOTE 2 - RELATED PARTY RENT EXPENSE

All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. There was no related party rent expense that was claimed to a child development contract for the year ended June 30, 2022.

NOTE 3 - BAD DEBT EXPENSE

Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2022.

JobTrain, Inc.
Child Development Centers
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

<u>Grantor</u>	Federal Assistance Listing Number	Grantor's Number	Award Amount			Expenditures	
			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	\$ 8,198	\$ -	\$ 8,198	\$ 8,198	\$ -
Pass through the County of Santa Clara:							
CalFresh Employment and Training (CFET) Program	10.561	N/A	400,000	-	400,000	235,185	-
Total U.S. Department of Agriculture			408,198	-	408,198	243,383	-
<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	750,000	-	750,000	576,953	-
Total U.S. Department of Housing and Urban Development			750,000	-	750,000	576,953	-
<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	001-301-22	378,000	-	378,000	367,198	-
Total U.S. Department of Labor (WIOA Cluster)			378,000	-	378,000	367,198	-
<u>U.S. Department of Health and Human Services:</u>							
Pass through the Center to Protect Workers Rights:							
Hazardous Waste Worker Training	93.142	2110-24-01	376,411	-	376,411	203,428	-
Total pass through the Center to Protect Workers Rights			376,411	-	376,411	203,428	-
Childcare Cluster:							
Pass through the California State Department of Education:							
California State Preschool	93.596	CSPP-1526	82,097	338,487	420,584	82,097	319,369
Total pass through the California State Department of Education (Child Care Cluster)			82,097	338,487	420,584	82,097	319,369
Total U.S. Department of Health and Human Services			458,508	338,487	796,995	285,525	319,369
Total federal and state awards			\$ 1,994,706	\$ 338,487	\$ 2,333,193	\$ 1,473,059	\$ 319,369

JobTrain, Inc.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

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, 2022, 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 December 7, 2022.

Report on 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) 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 or significant deficiencies may exist that were not identified.

Report on 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
December 7, 2022

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

Opinion on Each Major Federal Program

We have audited JobTrain, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. JobTrain, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of JobTrain, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of JobTrain, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to JobTrain, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on JobTrain, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about JobTrain, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding JobTrain, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of JobTrain, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 JobTrain, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
December 7, 2022

JobTrain, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

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>Listing Number</u>	<u>Program Name</u>	<u>Expenditures</u>
	10.561	CalFresh Employment and Training (CFET) Program	\$ 235,185
	14.228	JobTrain Employment and Housing Stability Project (CDBG)	576,953
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, 2022

Recommendation

Status/Explanation

There were no prior year findings or recommendations.