

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

**FINANCIAL STATEMENTS  
AND  
SINGLE AUDIT REPORT**

**JUNE 30, 2012**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
JobTrain, Inc.  
Menlo Park, California

We have audited the accompanying statement of financial position of JobTrain, Inc. as of June 30, 2012, and the related statement of activities, statement of functional expenses and statement of cash flows for the year then ended. These financial statements are the responsibility of JobTrain, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from JobTrain, Inc.'s 2011 financial statements and, in our report dated November 4, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2012 on our consideration of JobTrain, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of JobTrain, Inc. taken as a whole. The supplementary data in schedules 1 through 15 is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
October 22, 2012

JobTrain, Inc.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2012  
(With Comparative Totals for June 30, 2011)

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 990,416	\$ 968,698
Investments	1,281,269	750,945
Grants receivable	234,968	133,604
Pledges receivable	771,342	1,151,105
Prepaid expenses and other current assets	<u>11,106</u>	<u>7,186</u>
Total current assets	<u>3,289,101</u>	<u>3,011,538</u>
Non-current assets:		
Fixed assets, net of accumulated depreciation	<u>2,800,701</u>	<u>3,031,868</u>
Total non-current assets	<u>2,800,701</u>	<u>3,031,868</u>
Total assets	<u><u>\$ 6,089,802</u></u>	<u><u>\$ 6,043,406</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 170,837	\$ 134,983
Accrued payroll and benefits	295,273	225,357
Deferred revenue	40,000	-
Capital lease obligation, current portion	<u>35,439</u>	<u>33,380</u>
Total current liabilities	<u>541,549</u>	<u>393,720</u>
Long-term liabilities:		
Capital lease obligation, net of current portion	63,988	99,427
Retirement plan obligation	100,000	72,130
Notes payable	<u>300,000</u>	<u>300,000</u>
Total long-term liabilities	<u>463,988</u>	<u>471,557</u>
Total liabilities	<u>1,005,537</u>	<u>865,277</u>
Net assets - Exhibit A:		
Unrestricted:		
Board designated	461,193	510,446
Other unrestricted	2,638,096	2,714,766
Temporarily restricted	<u>1,984,976</u>	<u>1,952,917</u>
Total net assets	<u>5,084,265</u>	<u>5,178,129</u>
Total liabilities and net assets	<u><u>\$ 6,089,802</u></u>	<u><u>\$ 6,043,406</u></u>

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

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	Unrestricted	Temporarily Restricted	Total 2012	Total 2011
Revenues:				
Government grants	\$ 1,754,481	\$ -	\$ 1,754,481	\$ 1,711,284
Foundation grants	-	663,597	663,597	423,231
Individual contributions	854,430	-	854,430	1,778,233
Corporate contributions	-	314,500	314,500	117,885
Special events	730,443	-	730,443	578,859
Earned revenue	32,447	-	32,447	52,293
In-kind contributions	83,116	36,134	119,250	180,986
Other revenue	153,182	61,809	214,991	365,109
Net assets released from restrictions	1,043,981	(1,043,981)	-	-
Total revenues	4,652,080	32,059	4,684,139	5,207,880
Expenses:				
Program services:				
Educational and related services	3,235,609	-	3,235,609	3,206,685
Child development center	364,820	-	364,820	356,201
Supportive services:				
Administration	538,262	-	538,262	580,845
Fundraising	639,312	-	639,312	675,756
Total expenses	4,778,003	-	4,778,003	4,819,487
Change in net assets	(125,923)	32,059	(93,864)	388,393
Net assets, beginning of period	3,225,212	1,952,917	5,178,129	4,789,736
Net assets, end of period	\$ 3,099,289	\$ 1,984,976	\$ 5,084,265	\$ 5,178,129

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

## JobTrain, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	Program Services			Supportive Services			Total	Total
	Educational and Related Services	Child Development Center		Admini- stration	Fundraising		2012	2011
Expenses:								
Payroll	\$ 1,854,958	\$ 189,335	\$ 180,637	\$ 263,293	\$ 2,488,223	\$ 2,584,533		
Payroll costs	379,160	45,923	82,485	72,851	580,419	542,936		
Client support	41,940	22,849	-	-	64,789	85,858		
Training and educational	218,067	6,499	17,514	3,841	245,921	212,438		
Employee training and travel	17,990	9,598	10,555	3,152	41,295	41,102		
Taxes, insurance and fees	64,671	9,395	86,345	7,578	167,989	128,330		
Repairs and maintenance	28,498	2,842	10,116	304	41,760	20,361		
Lease charges	64,992	1,642	5,172	3,205	75,011	66,815		
Supplies and services	218,459	23,701	65,853	23,792	331,805	361,406		
Utilities	122,222	17,209	19,056	15,171	173,658	191,534		
Equipment, furniture and fixtures	-	-	2,113	-	2,113	528		
Fundraising	-	-	-	211,415	211,415	179,895		
Depreciation	207,583	31,817	39,712	30,149	309,261	319,364		
Other expenses	17,069	4,010	18,704	4,561	44,344	84,387		
Total expenses	\$ 3,235,609	\$ 364,820	\$ 538,262	\$ 639,312	\$ 4,778,003	\$ 4,819,487		

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



STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets from operations	\$ (93,864)	\$ 388,393
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind contribution of assets	-	(12,126)
Depreciation	309,261	319,364
Net realized/unrealized (gains) and losses on investments	(13,092)	(87,589)
Gain on disposal of fixed assets	-	(5,876)
Changes in certain assets and liabilities:		
Grants receivable	(101,364)	307,932
Pledges receivable	379,763	(299,379)
Prepaid expenses and other current assets	(3,920)	11,280
Accounts payable	35,854	(108,246)
Accrued payroll and benefits	69,916	(61,191)
Deferred revenue	40,000	(25,773)
Retirement plan obligation	27,870	8
Net cash provided by operating activities	<u>650,424</u>	<u>426,797</u>
Cash flows from investing activities:		
Purchase of investments	(519,165)	(280,544)
Sale of investments	1,933	167,864
Acquisition of fixed assets	(78,094)	(23,981)
Net cash used by investing activities	<u>(595,326)</u>	<u>(136,661)</u>
Cash flows from financing activities:		
Payments on capital lease obligation	(33,380)	(41,510)
Net cash used by financing activities	<u>(33,380)</u>	<u>(41,510)</u>
Net increase in cash during the year	21,718	248,626
Cash balance, beginning of period	968,698	720,072
Cash balance, end of period	<u>\$ 990,416</u>	<u>\$ 968,698</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 7,060</u>	<u>\$ 9,000</u>
Noncash investing and financing transaction:		
Lease of equipment		
Equipment	\$ -	\$ 174,317
Capital lease obligation	\$ -	\$ (174,317)

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 - GENERAL

A. Organization

Opportunities Industrialization Center-West (OICW) was incorporated on September 3, 1965 as a non-profit organization in the State of California. On October 20, 2008, OICW amended its articles of incorporation under a new name, JobTrain, Inc. (the Organization). The Organization provides job-training services primarily in San Mateo and Santa Clara Counties for adults and educational programs for the care of children outside of their homes. The Organization is both publicly and privately funded; having programs and contracts with Federal and state agencies and also receiving funds from private donations and nonsubsidized fees. The purpose of the Organization is to provide economic opportunity to under-privileged persons through both life skills and vocational training.

The Organization is an educational resource established to conduct job training and placement for the purpose of assisting people to attain skills and techniques which will enable them to improve their economic conditions.

The Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

B. Program Services

**Educational and Related Services** - These programs are for job training and placement services for adults and youth. These programs offer everything from full-time vocational training to after-school classes, summer internships, General Education Development (GED) preparation, English as a Second Language (ESL), and lifetime job placement for trainees.

**Child Development Centers** - This program offers care and education for preschoolers at the Organization's state licensed Child Development Centers. The Organization's highly experienced staff uses High/Scope and Montessori techniques to nurture and stimulate the children's development.

C. Administration Services

Administration services represent management and general expenses, indirect costs, and the administrative costs portion of program services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of a period. Grants are recognized as revenue when earned in accordance with the terms of each grant or agreement.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

The statements are presented in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-205), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Unrestricted Net Assets

Unrestricted net assets generally result from revenues obtained by providing services, receiving unrestricted contributions, and receiving interest and dividends from income-producing assets. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization and the purposes specified in its Articles of Incorporation or Bylaws and limits resulting from contractual agreements entered into by the Organization in the course of its operations.

D. Temporarily Restricted Net Assets

The Organization reports donations and other assets as restricted if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

E. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and short-term marketable securities with a maturity of three months or less.

F. Investments

The Organization invests in marketable securities, money market funds, and certificates of deposit. All debt securities and equity securities are carried at quoted market prices as of the last trading date of the Organization's fiscal year. Contributions of public stock are recorded at quoted market prices at the date of donation. The Organization sells donated securities received as soon as reasonably possible. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted cost basis. Adjusted cost is the estimated fair value of the security at the beginning of the year, or the cost if purchased during the year. Dividend and interest income are accrued when earned. Certificates of deposit have a maturity term of 180 days and are carried at the face value of the deposited amount. Interest accrued on the deposits through the date of the financial statements is included in the financial statements.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Grants Receivable

The Organization receives awards from the federal government for specific programs. Substantially all of the Organization's Federal award revenue is derived from cost reimbursement grants, which are billed to the grantor after costs have been incurred. Federal award revenue and unbilled Federal awards are recognized to the extent the related costs are incurred.

The Organization has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that all receivables will be collected.

H. Pledges Receivable

The Organization accounts for pledges receivable in accordance with the recommendations of FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*. Under FASB ASC 958, pledges receivable are either unconditional or conditional. Unconditional pledges are pledges that depend only on the passage of time or the demand by the pledge for performance. A conditional pledge is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional pledges represent the remaining pledges due from the donors who have pledged funds to the Organization for use in its programs.

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

I. Fixed Assets

Purchased property and equipment are stated at cost. Acquisitions of property and equipment in excess of \$2,000 are capitalized. Significant donated property and equipment is recorded at estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to twenty-five years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease.

J. Functional Expense Allocations

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Concentration of Credit Risk

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

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

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

L. Use of Estimates

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

M. Risk Management

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

N. Contingencies

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

O. Donated Services

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

P. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 22, 2012, the date the financial statements were available to be issued.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

NOTE 4 - CASH

Cash balances at June 30, 2012 are as follows:

	2012	2011
Wells Fargo Bank	\$ 158,124	\$ 119,326
Vanguard	265,955	195,890
Charles Schwab	565,537	652,682
Petty cash	800	800
Total	<u>\$ 990,416</u>	<u>\$ 968,698</u>

The bank balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (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, 2012

NOTE 5 - INVESTMENTS

Activity for the year ended June 30, 2012 is as follows:

	Charles Schwab Facilities Reserve	Charles Schwab 21 <sup>st</sup> Century Campaign	Total
Account balances as of 6/30/11	\$ 452,913	\$ 298,032	\$ 750,945
Transfers in/deposits	-	487,358	487,358
Unrealized gains (losses)	(5,623)	18,644	13,021
Realized capital gains, net of fees	71	-	71
Dividends and interest	14,359	17,448	31,807
Transfers out/withdrawals	(1,933)	-	(1,933)
Account balances as of 6/30/12	<u>\$ 459,787</u>	<u>\$ 821,482</u>	<u>\$ 1,281,269</u>
 Bond Funds	 \$ 183,312	 \$ 229,344	 \$ 412,656
Equity Funds	<u>276,475</u>	<u>592,138</u>	<u>868,613</u>
Total	<u>\$ 459,787</u>	<u>\$ 821,482</u>	<u>\$ 1,281,269</u>

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

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

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

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

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

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

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

As of June 30, 2012, the investments balance of \$1,281,269 were all classified to be Level 1.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 7 - FIXED ASSETS

Fixed assets as of June 30, 2012 are as follows:

	Years	2012	2011
Land	N/A	\$ 993,669	\$ 993,669
Buildings	25	1,937,466	1,937,466
Building improvements	25	2,067,954	2,011,693
Leasehold improvements	25	60,000	60,000
Furniture, equipment & vehicles	5	<u>2,928,477</u>	<u>2,906,644</u>
Total		7,987,566	7,909,472
Less accumulated depreciation		<u>(5,186,865)</u>	<u>(4,877,604)</u>
Fixed assets, net		<u>\$ 2,800,701</u>	<u>\$ 3,031,868</u>

Depreciation expense was \$309,261 and \$319,364 for the years ended June 30, 2012 and June 30, 2011, respectively.

NOTE 8 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$170,255 and \$134,331 as of June 30, 2012 and June 30, 2011, respectively.

NOTE 9 - CAPITAL LEASE OBLIGATION

The Organization has entered into a capital lease agreement for office equipment with a cost of \$174,317 and related accumulated amortization of \$81,348. The lease, which expires in February 2015, requires monthly payments of \$3,370, and bears interest at approximately 6% per annum.

At June 30, 2012, the present value of the future minimum annual obligations under the agreement is as follows:

<u>Fiscal Year Ending June 30</u>	Principal	Interest
2013 (current portion)	\$ 35,439	\$ 5,002
2014	37,625	2,816
2015	<u>26,363</u>	<u>597</u>
Total	<u>\$ 99,427</u>	<u>\$ 8,415</u>

Total interest paid on the capital lease obligation was \$7,060 and \$9,000 for the years ended June 30, 2012 and June 30, 2011, respectively.



JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 10 - RETIREMENT PLAN OBLIGATION

During 2000, the Organization allocated \$150,000 of net assets for a retirement fund for the benefit of six staff members who had been continuously employed by the Organization for at least 25 years as of April 1, 2000. Upon retirement, each employee is eligible to receive \$25,000. As of June 30, 2012, there were four employees eligible to participate in the plan. The undistributed investment earnings are recorded as a liability in the financial statements. The retirement plan obligation as of June 30, 2012 and June 30, 2011 was \$100,000 and \$72,130, respectively.

NOTE 11 - NOTES PAYABLE

In December 1993, the Organization obtained a secured note payable with San Mateo County in the amount of \$300,000 with no interest, payable in full (plus 10% of the realized appreciation of property) in February 2024 or upon sale of the property. The note is collateralized by the building located at 1200 O'Brien Drive, Menlo Park. A condition of the loan is that the Organization must provide space in their facility to a specified third party, free of rent. In lieu of interest, the Organization will pay to San Mateo County 10% of the realized appreciation of the property upon disposition. Based upon management's estimate of current fair market value, this participation amount is not considered to be material.

NOTE 12 - LINE OF CREDIT

In October 2010, the Organization obtained a line of credit with Wells Fargo Bank in the amount of \$200,000 which has been renewed with an expiration date of December 1, 2014. The interest on the used portion of this line is 2.00% over the bank's index rate. As of June 30, 2012 and June 30, 2011, the balance on the line of credit was \$0 and \$0, respectively.

NOTE 13 - UNRESTRICTED NET ASSETS - BOARD DESIGNATED

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

	2012	2011
Endowment fund	<u>\$ 461,193</u>	<u>\$ 510,446</u>

The assets related to the Endowment fund as shown on the Statement of Financial Position are as follows:

	2012	2011
Cash and cash equivalents - Charles Schwab	\$ 1,406	\$ 57,533
Investments - Charles Schwab	<u>459,787</u>	<u>452,913</u>
Total	<u>\$ 461,193</u>	<u>\$ 510,446</u>

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS

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

	2012	2011
Program services	\$ 330,000	\$ 337,917
21 <sup>st</sup> Century Campaign - Sustainability Fund	1,376,792	1,315,000
21 <sup>st</sup> Century Campaign - Special Initiatives	278,184	300,000
Total	<u>\$ 1,984,976</u>	<u>\$ 1,952,917</u>

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

	2012	2011
Program services:		
Cash and cash equivalents - various financial institutions	\$ -	\$ 337,917
Pledges receivable	<u>330,000</u>	<u>-</u>
Subtotal	<u>330,000</u>	<u>337,917</u>
21 <sup>st</sup> Century Campaign - Sustainability Fund:		
Cash and cash equivalents - Charles Schwab	313,810	414,968
Investments - Charles Schwab	821,482	298,032
Pledges receivable	<u>241,500</u>	<u>602,000</u>
Subtotal	<u>1,376,792</u>	<u>1,315,000</u>
21 <sup>st</sup> Century Campaign - Special Initiatives:		
Cash and cash equivalents - Charles Schwab	178,184	100,000
Pledges receivable	<u>100,000</u>	<u>200,000</u>
Subtotal	<u>278,184</u>	<u>300,000</u>
Total	<u>\$ 1,984,976</u>	<u>\$ 1,952,917</u>

**The 21<sup>st</sup> Century Campaign Sustainability Fund** is a long-term endowment for the Organization, which will provide a strong capital base, annual interest income to the operating budget, and a vehicle to consolidate estate gifts for the future of the Organization. The Organization has been transforming lives in the community for 45 years, and has earned its position in the community as a trusted educator and resource to help those most in need succeed.

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

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 \$53,245 and \$32,762 for the years ended June 30, 2012 and June 30, 2011, respectively.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 16 - RELATED PARTY TRANSACTIONS

The Organization's volunteer members of the Board of Directors are active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board of Directors or from companies with which the Board of Directors are affiliated were \$542,011 and \$572,978 for the years ended June 30, 2012 and June 30, 2011, respectively.

NOTE 17 - LEASE COMMITMENT

The Organization leases a facility under an operating lease agreement expiring in February 2013, which currently requires monthly payments of \$3,600 plus common area expenses. The total expense for rent for this lease was \$43,200 for the year ended June 30, 2012. Minimum future rental payments under non-cancelable operating leases for each of the following years in the aggregate are:

Fiscal Year Ending June 30

2013

\$ 28,800

JobTrain, Inc.  
CHILD DEVELOPMENT PROGRAMS - GENERAL INFORMATION  
June 30, 2012

Schedule 1

Organization name:	JobTrain, Inc.
Program name and contract number:	
41-1663-3A	Child and Adult Care Food Program
CSPP-1539	California State Preschool
CRPM-0118	Facilities Renovations and Repair
Type of Organization:	Nonprofit Public Benefit Corporation
Address of Organization:	1200 O'Brien Drive, Menlo Park, CA 94025
Executive Director:	Sharon Williams
Program Director:	Eric Fogaard
Finance Director:	Christal Lee
Telephone number:	(650) 330-6429
Report covered:	July 01, 2011 through June 30, 2012
Days of operation:	248 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, 2012

Schedule 2

	<u>CSPP-1539</u>	<u>CRPM-0118</u>	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	Total
Revenues:			
Government contracts - SDE	\$ 189,287	\$ -	\$ 189,287
Child care food program #41-1663-3A	23,180	-	23,180
Subtotal government contracts	212,467	-	212,467
Unrestricted contributions and other income	100	-	100
Family fees - certified children	21,436	-	21,436
Interest income	15	-	15
Total revenues	<u>234,018</u>	<u>-</u>	<u>234,018</u>
Expenses:			
Salaries	189,335	-	189,335
Employee benefits	45,923	-	45,923
Books and supplies	30,200	-	30,200
Rents and leases	1,642	-	1,642
Other operating expenses	63,061	-	63,061
Building repairs and maintenance	2,842	-	2,842
Depreciation	31,817	-	31,817
Total expenses	<u>364,820</u>	<u>-</u>	<u>364,820</u>
Change in net assets	<u>\$ (130,802)</u>	<u>\$ -</u>	<u>\$ (130,802)</u>

SCHEDULE OF EXPENSES BY STATE CATEGORIES

Child Development Centers  
For the Year Ended June 30, 2012

	<u>CSPP-1539</u>	<u>CRPM-0118</u>	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	Total
Expenses:			
Direct payments to providers	\$ -	\$ -	\$ -
1000 Certificated salaries	156,935	-	156,935
2000 Classified salaries	32,400	-	32,400
3000 Employee benefits	45,923	-	45,923
4000 Books and supplies	30,200	-	30,200
5000 Services and other operating expenses	67,545	-	67,545
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	-	-	-
6500 Replacement equipment	-	-	-
Depreciation on assets not purchased			
with public funds	31,817	-	31,817
Start-up expenses - service level exemption	-	-	-
Indirect costs	-	-	-
Total expenses claimed for			
reimbursement	364,820	-	364,820
Total supplemental expenses	-	-	-
Total expenses	<u>\$ 364,820</u>	<u>\$ -</u>	<u>\$ 364,820</u>

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the Organization were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES

Child Development Centers  
For the Year Ended June 30, 2012

	CSPP-1539	CRPM-0118	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	Total
<u>Unit Cost Under \$7,500 Per Item:</u>			
None	\$ -	\$ -	\$ -
Subtotal	-	-	-
<u>Unit Cost Over \$7,500 Per Item With Prior Written Approval:</u>			
None	-	-	-
Subtotal	-	-	-
<u>Unit Cost Over \$7,500 Per Item Without Prior Approval:</u>			
None	-	-	-
Subtotal	-	-	-
Total	\$ -	\$ -	\$ -

JobTrain, Inc.  
SCHEDULE OF REIMBURSABLE EXPENDITURES  
FOR RENOVATIONS AND REPAIRS  
 Child Development Centers  
 For the Year Ended June 30, 2012

Schedule 5

	<u>CSPP-1539</u>	<u>CRPM-0118</u>	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	Total
<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	\$ -	\$ -	\$ -



SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS

Child Development Centers

For the Year Ended June 30, 2012

	CSPP-1539	CRPM-0118	
	California	Facilities	
	State	Renovation	
	Preschool	& Repair	Total
Reimbursable administrative costs:			
Salaries	\$ -	\$ -	\$ -
Employee benefits	-	-	-
Books and supplies	-	-	-
Services and other operating expenses	-	-	-
Depreciation on non-CDE-funded assets used in program	-	-	-
Indirect costs	-	-	-
Total reimbursable administrative costs	\$ -	\$ -	\$ -

SCHEDULE OF REIMBURSABLE START-UP EXPENSES

Child Development Centers  
For the Year Ended June 30, 2012

	<u>CSPP-1539</u>	<u>CRPM-0118</u>	
	<u>California</u>	<u>Facilities</u>	
	<u>State</u>	<u>Renovation</u>	
	<u>Preschool</u>	<u>&amp; Repair</u>	<u>Total</u>
Reimbursable start-up expenses:			
1000 Certificated salaries	\$ -	\$ -	\$ -
2000 Classified salaries	-	-	-
3000 Employee benefits	-	-	-
4000 Books and supplies	-	-	-
5000 Services and other operating expenses	-	-	-
Subtotal	-	-	-
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	-	-	-
6500 Replacement equipment	-	-	-
Total reimbursable start-up expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**AUDITED ATTENDANCE AND FISCAL REPORT****for California State Preschool Programs**Agency Name: JobTrain, Inc.Vendor No. M322Fiscal Year Ended: June 30, 2012Contract No. CSPP-1539Independent Auditor's Name: R.J. Ricciardi, Inc.

SECTION I - CERTIFIED CHILDREN OF ENROLLMENT	DAYS	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>						
Full-time-plus		-		-	1.1800	-
Full-time		1,700		1,700	1.0000	1,700.000
Three-quarters-time		19		19	0.7500	14.250
One-half-time		-		-	0.6172	-
<i>Exceptional Needs</i>						
Full-time-plus		-		-	1.4160	-
Full-time		-		-	1.2000	-
Three-quarters-time		-		-	0.9000	-
One-half-time		-		-	0.6172	-
<i>Limited and Non-English Proficient</i>						
Full-time-plus		-		-	1.2980	-
Full-time		4,128		4,128	1.1000	4,540.800
Three-quarters-time		73		73	0.8250	60.225
One-half-time		-		-	0.6172	-
<i>At Risk of Abuse or Neglect</i>						
Full-time-plus		-		-	1.2980	-
Full-time		-		-	1.1000	-
Three-quarters-time		-		-	0.8250	-
One-half-time		-		-	0.6172	-
<i>Severely Disabled</i>						
Full-time-plus		-		-	1.7700	-
Full-time		-		-	1.5000	-
Three-quarters-time		-		-	1.1250	-
One-half-time		-		-	0.6172	-
<b>TOTAL DAYS OF ENROLLMENT</b>		5,920	-	5,920		6,315.275
<b>DAYS OF OPERATION</b>		248	-	248		
<b>DAYS OF ATTENDANCE</b>		5,920	-	5,920		

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

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

### AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs

Agency Name: JobTrain, Inc. Vendor No. M322

Fiscal Year End: June 30, 2012 Contract No. CSPP-1539

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
RESTRICTED INCOME			
Child Nutrition Programs	\$0	\$23,180	\$23,180
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
<b>Subtotal</b>	\$0	\$23,180	\$23,180
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children Contract #	23,683	(2,247)	21,436
Contract #			0
Interest Earned on Apportionments Contract #	15		15
Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify): Unrestricted Donations		100	100
<b>TOTAL REVENUE</b>	\$23,698	\$21,033	\$44,731

**SECTION IV - REIMBURSABLE EXPENSES**

1000 Certificated Salaries	\$156,935	\$0	\$156,935
2000 Classified Salaries	32,400		32,400
3000 Employee Benefits	45,281	642	45,923
4000 Books and Supplies	13,691	16,509	30,200
5000 Services and Other Operating Expenses	86,045	(18,500)	67,545
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment ( <i>program-related</i> )			0
6500 Replacement Equipment ( <i>program-related</i> )			0
Depreciation or Use Allowance		31,817	31,817
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$334,352	\$30,468	\$364,820
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$0	\$0	\$0

FOR CDE-A&amp;I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program

Requirements of the California Department of Education, Child Development Division:

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

☒ YES☐ NO - Explain any discrepancies.

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

☒ YES☐ NO - Explain any discrepancies.

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

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

# **AUDITED FISCAL REPORT** **for Child Development Support Contracts**

Agency Name: JobTrain, Inc. Vendor No. M322

Fiscal Year End: June 30, 2012 Contract No. CRPM-0118

Multi-Year Contract? (Check "No" Box or Enter Contract Period): No: ☐ or Period: July 1, 2010 - June 30, 2013

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

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

## **SECTION II - REIMBURSABLE EXPENSES**

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

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

☐ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.

JobTrain, Inc.  
 Child Development Centers  
SUMMARY OF CLAIM  
 Agreement No: 41-1663-3A  
 For the Period July 1, 2011 to June 30, 2012

Schedule 11

	<u>Allowed</u>	<u>Paid</u>	
Amount Reimbursable from Federal Fund	\$ 20,637		
Federal Fund Payments to Date		\$ 20,637	
Federal Fund reimbursement Variance (Overpaid)			\$ -
Cash-In-Lieu Reimbursement	1,256	1,256	-
Total Federal Fund Reimbursement Variance (Overpaid):			-
State Meal Compensation	1,287	1,287	-
Total Program Reimbursement (State and Federal) Underpayment (Overpayment)			<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, 2011 to June 30, 2012

FIXED PERCENTAGE METHOD

Federal Meal	MEALS			Food Service	Revenue	Audit	Earned
Compensation	Reported	Adjusted	Allowed	Rates	Recognized	Adjustments	Reimbursement
<u>Breakfast</u>							
Free	2,937	-	2,937	\$ 1.5100	\$ 4,435	\$ -	\$ 4,435
Reduced	911	-	911	1.2100	1,102	-	1,102
Base	1,102	-	1,102	0.2700	298	-	298
Total	<u>4,950</u>	<u>-</u>	<u>4,950</u>		<u>5,835</u>	<u>-</u>	<u>5,835</u>
<u>Lunch</u>							
Free	3,354	-	3,354	\$ 2.7700	9,291	-	9,291
Reduced	1,037	-	1,037	2.3700	2,458	-	2,458
Base	1,255	-	1,255	0.2600	326	-	326
Total	<u>5,646</u>	<u>-</u>	<u>5,646</u>		<u>12,075</u>	<u>-</u>	<u>12,075</u>
<u>Supplements</u>							
Free	3,016	-	3,016	\$ 0.7600	2,292	-	2,292
Reduced	937	-	937	0.3800	356	-	356
Base	1,130	-	1,130	0.0700	79	-	79
Total	<u>5,083</u>	<u>-</u>	<u>5,083</u>		<u>2,727</u>	<u>-</u>	<u>2,727</u>
Total Federal Meal Reimbursement					20,637	-	20,637
Cash-In-Lieu	<u>5,646</u>	<u>-</u>	<u>5,646</u>	\$ 0.2225	1,256	-	1,256
Total Federal Reimbursement					<u>21,893</u>	<u>-</u>	<u>21,893</u>
State Meal Compensation	<u>8,239</u>	<u>-</u>	<u>8,239</u>	\$ 0.1562	1,287	-	1,287
Total Program Reimbursement (State and Federal) Overpaid - Refund due to the State						<u>-</u>	

## Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED MEALS AND EARNED REIMBURSEMENT

Agreement No: 41-1663-3A

For the Period July 1, 2011 to December 31, 2011

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	July 2011			August 2011			September 2011		
<u>Breakfast</u>									
Free	261	-	261	339	-	339	223	-	223
Reduced	65	-	65	75	-	75	86	-	86
Base	82	-	82	57	-	57	103	-	103
Total	408	-	408	471	-	471	412	-	412
<u>Lunch</u>									
Free	306	-	306	397	-	397	272	-	272
Reduced	76	-	76	88	-	88	105	-	105
Base	96	-	96	67	-	67	126	-	126
Total	478	-	478	552	-	552	503	-	503
<u>Supplements</u>									
Free	252	-	252	346	-	346	235	-	235
Reduced	63	-	63	77	-	77	90	-	90
Base	79	-	79	58	-	58	109	-	109
Total	394	-	394	481	-	481	434	-	434
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	October 2011			November 2011			December 2011		
<u>Breakfast</u>									
Free	228	-	228	216	-	216	183	-	183
Reduced	88	-	88	83	-	83	70	-	70
Base	105	-	105	99	-	99	85	-	85
Total	421	-	421	398	-	398	338	-	338
<u>Lunch</u>									
Free	258	-	258	239	-	239	198	-	198
Reduced	99	-	99	92	-	92	76	-	76
Base	119	-	119	110	-	110	92	-	92
Total	476	-	476	441	-	441	366	-	366
<u>Supplements</u>									
Free	234	-	234	220	-	220	185	-	185
Reduced	90	-	90	85	-	85	71	-	71
Base	108	-	108	101	-	101	85	-	85
Total	432	-	432	406	-	406	341	-	341



## Child Development Centers

SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED MEALS AND EARNED REIMBURSEMENT

Agreement No: 41-1663-3A

For the Period January 1, 2012 to June 30, 2012

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	January 2012			February 2012			March 2012		
<u>Breakfast</u>									
Free	228	-	228	237	-	237	244	-	244
Reduced	57	-	57	68	-	68	70	-	70
Base	99	-	99	102	-	102	105	-	105
Total	384	-	384	407	-	407	419	-	419
<u>Lunch</u>									
Free	250	-	250	272	-	272	282	-	282
Reduced	62	-	62	78	-	78	81	-	81
Base	110	-	110	117	-	117	120	-	120
Total	422	-	422	467	-	467	483	-	483
<u>Supplements</u>									
Free	232	-	232	240	-	240	258	-	258
Reduced	58	-	58	69	-	69	74	-	74
Base	102	-	102	102	-	102	111	-	111
Total	392	-	392	411	-	411	443	-	443
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	April 2012			May 2012			June 2012		
<u>Breakfast</u>									
Free	242	-	242	263	-	263	273	-	273
Reduced	81	-	81	88	-	88	80	-	80
Base	96	-	96	88	-	88	81	-	81
Total	419	-	419	439	-	439	434	-	434
<u>Lunch</u>									
Free	268	-	268	298	-	298	314	-	314
Reduced	89	-	89	99	-	99	92	-	92
Base	107	-	107	99	-	99	92	-	92
Total	464	-	464	496	-	496	498	-	498
<u>Supplements</u>									
Free	252	-	252	263	-	263	299	-	299
Reduced	84	-	84	88	-	88	88	-	88
Base	100	-	100	87	-	87	88	-	88
Total	436	-	436	438	-	438	475	-	475

JobTrain, Inc.  
Child Development Centers  
SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED ELIGIBILITY  
Agreement No: 41-1663-3A  
For the Period July 1, 2011 to June 30, 2012

Schedule 15

FIXED PERCENTAGE METHOD

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<u>Total Enrolled</u>												
Reported	25	25	24	24	24	24	27	24	24	26	25	27
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	25	25	24	24	24	24	27	24	24	26	25	27
<u>Eligibility Categories</u>												
Free												
Reported	16	18	13	13	13	13	16	14	14	15	15	17
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	16	18	13	13	13	13	16	14	14	15	15	17
Reduced												
Reported	4	4	5	5	5	5	4	4	4	5	5	5
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	4	4	5	5	5	5	4	4	4	5	5	5
Base												
Reported	5	3	6	6	6	6	7	6	6	6	5	5
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	5	3	6	6	6	6	7	6	6	6	5	5

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 the financial statements of JobTrain, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated October 22, 2012. 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 U.S. Comptroller General.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of JobTrain, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JobTrain, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of JobTrain, Inc. in a separate letter dated October 22, 2012.

This report is intended solely for the information and use of the management, audit committee, Board of Directors, others within JobTrain, Inc., and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
October 22, 2012

INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
JobTrain, Inc.  
Menlo Park, California

Compliance

We have audited JobTrain, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. JobTrain, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of JobTrain, Inc.'s management. Our responsibility is to express an opinion on JobTrain, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JobTrain, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on JobTrain, Inc.'s compliance with those requirements.

In our opinion, JobTrain, Inc. complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of JobTrain, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered JobTrain, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of JobTrain, Inc.'s internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, audit committee, Board of Directors, others within JobTrain, Inc., federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
October 22, 2012

JobTrain, Inc.

Child Development Centers

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Grantor	Federal CFDA Number	Grantor's Number	Award Amount		Total	Expenditures	
			Federal	State		Federal	State
U.S. Department of Agriculture: Pass through the California State Department of Education: Child and Adult Care Food Program Total U.S. Department of Agriculture	10558	41-1663-3A	N/A	N/A	N/A	\$ 21,893	\$ 1,287
			-	-	-	21,893	1,287
U.S. Department of Labor: Workforce Investment Act (WIA) Cluster: Pass through the County of San Mateo: WIA Individual Training Account Contracts - Adult WIA Individual Training Account Contracts - Dislocated Worker WIA Individual Training Account Contracts - Dislocated Worker Peninsula Works - Adult Peninsula Works - Dislocated Worker Peninsula Works - Dislocated Worker Youth - In and Out-of-School Total pass through the County of San Mateo (WIA Cluster)	17.258	N/A	N/A	N/A	N/A	13,250	-
	17.278	N/A	N/A	N/A	N/A	17,500	-
	17.278	N/A	N/A	N/A	N/A	43,750	-
	17.258	068762	123,864	-	123,864	123,864	-
	17.278	068762	124,136	-	124,136	124,136	-
	17.278	068762	90,000	-	90,000	33,713	-
	17.259	068762	349,558	-	349,558	349,558	-
			687,558	-	687,558	705,771	-
Pass through the City of East Palo Alto: Green Jobs/Life Skills Training Services Total pass through the City of East Palo Alto	17.279	N/A	540,000	-	540,000	232,215	-
			540,000	-	540,000	232,215	-
Pass through the Opportunities Industrialization Center of America: Green Jobs Innovation Total pass through the Opportunities Industrialization Center of America Total U.S. Department of Labor	17.279	N/A	357,641	-	357,641	119,214	-
			357,641	-	357,641	119,214	-
			1,585,199	-	1,585,199	1,057,200	-

JobTrain, Inc.

Child Development Centers

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Grantor	Federal CFDA Number	Grantor's Number	Award Amount		Total	Expenditures	
			Federal	State		Federal	State
<u>U.S. Department of Justice:</u>							
Pass through the County of San Mateo:							
Achieve 180 Program							
	16.812	41-4101	\$ 75,000	\$ -	\$ 75,000	\$ 36,705	\$ -
Total U.S. Department of Justice			75,000	-	75,000	36,705	-
<u>U.S. Department of Health and Human Services:</u>							
Pass through the Center to Protect Workers Rights:							
Hazardous Waste Worker Training							
	93.142	2110-13	170,000	-	170,000	13,978	-
Hazardous Waste Worker Training							
	93.142	2110-13	150,000	-	150,000	143,509	-
Total pass through the Center to Protect Workers Rights			320,000	-	320,000	157,487	-
<u>Pass through the California State Department of Education:</u>							
California State Preschool							
	93.575	CSPP-1539	23,070	-	23,070	23,070	-
California State Preschool							
	93.596	CSPP-1539	41,908	124,309	166,217	41,908	124,309
Facilities Renovation and Repair (ARRA)							
	93.713	CRPM-0118	3,269	6,538	9,807	-	-
Total pass through the California State Department of Education			68,247	130,847	199,094	64,978	124,309
Total U.S. Department of Health and Human Services			388,247	130,847	519,094	222,465	124,309
<u>California State Department of Transportation:</u>							
Pass through the County of San Mateo:							
CalTrans Work Crew Program							
	N/A	N/A	-	2,140,680	2,140,680	-	129,927
Total California State Department of Transportation			-	2,140,680	2,140,680	-	129,927
Total federal and state awards			\$ 2,048,446	\$ 2,271,527	\$ 4,319,973	\$ 1,338,263	\$ 255,523



JobTrain, Inc.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of JobTrain, Inc. and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within JobTrain, Inc.'s financial statements.

In accordance with requirements under OMB Circular A-133, expenditures for federal awards under the American Recovery and Reinvestment Act of 2009 (ARRA) are separately identified by inclusion of the term "ARRA" on the Schedule of Federal Expenditures of Federal Awards.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA number included in the accompanying Schedule of Expenditures of Federal Awards was determined based on the program name, review of the award contract, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

JobTrain, Inc.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012

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

1. Type of auditors’ report issued: unqualified
2. Internal control over financial reporting:
  - A. Material weakness(es) identified? no
  - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
  - C. Noncompliance material to financial statements noted? no
3. Internal control over major programs:
  - A. Material weakness(es) identified? no
  - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
  - C. Type of auditors’ report issued on compliance for major programs: unqualified
  - D. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no
4. Audited as Major Programs:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Expenditures</u>
17.258, 17.259 & 17.278	Workforce Investment Act Cluster	\$ 705,771
17.279	Green Jobs	351,429

5. Dollar threshold used to distinguish between type A and type B programs: \$300,000
6. Auditee qualified as a low-risk auditee? yes

**Section II – Financial Statement Findings**

There were no financial statement findings.

**Section III – Federal Award Findings and Questioned Costs**

There were no federal award findings and questioned costs.

JobTrain, Inc.  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2012

Recommendation

Status/Explanation

There were no prior year findings or recommendations.