

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

**FINANCIAL STATEMENTS  
AND  
SINGLE AUDIT REPORT**

**JUNE 30, 2014**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
JobTrain, Inc.  
Menlo Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of JobTrain, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JobTrain, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited JobTrain, Inc.'s 2013 financial statements, and our report dated November 13, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary data in schedules 1 through 14 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2014 on our consideration of JobTrain, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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  
October 7, 2014

JobTrain, Inc.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2014  
(With Comparative Totals for June 30, 2013)

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,300,864	\$ 1,147,061
Investments	1,506,399	1,462,761
Grants receivable	293,058	440,925
Pledges receivable	178,236	223,341
Prepaid expenses and other current assets	<u>33,976</u>	<u>17,760</u>
Total current assets	<u>3,312,533</u>	<u>3,291,848</u>
Non-current assets:		
Fixed assets, net of accumulated depreciation	<u>2,762,553</u>	<u>2,787,543</u>
Total non-current assets	<u>2,762,553</u>	<u>2,787,543</u>
Total assets	<u><u>\$ 6,075,086</u></u>	<u><u>\$ 6,079,391</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 133,504	\$ 161,057
Accrued payroll and benefits	302,432	306,510
Deferred compensation	-	161,475
Deferred revenue	40,000	40,000
Capital lease obligation, current portion	<u>32,514</u>	<u>37,625</u>
Total current liabilities	<u>508,450</u>	<u>706,667</u>
Long-term liabilities:		
Capital lease obligation, net of current portion	116,789	26,363
Notes payable	<u>300,000</u>	<u>300,000</u>
Total long-term liabilities	<u>416,789</u>	<u>326,363</u>
Total liabilities	<u>925,239</u>	<u>1,033,030</u>
Net assets - Exhibit A:		
Unrestricted:		
Board designated	386,519	469,269
Other unrestricted	2,933,594	2,777,515
Temporarily restricted	<u>1,829,734</u>	<u>1,799,577</u>
Total net assets	<u>5,149,847</u>	<u>5,046,361</u>
Total liabilities and net assets	<u><u>\$ 6,075,086</u></u>	<u><u>\$ 6,079,391</u></u>

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

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
Revenues:				
Government grants	\$ 2,680,391	\$ -	\$ 2,680,391	\$ 2,780,535
Foundation grants	688,398	171,500	859,898	453,660
Individual contributions	749,837	500	750,337	930,471
Corporate contributions	71,500	36,300	107,800	86,900
Special events	768,630	-	768,630	1,021,872
Earned revenue	35,820	-	35,820	40,872
In-kind contributions	215,772	-	215,772	330,619
Other revenue	232,227	185,087	417,314	333,108
Net assets released from restrictions	363,230	(363,230)	-	-
Total revenues	5,805,805	30,157	5,835,962	5,978,037
Expenses:				
Program services:				
Educational and related services	4,252,700	-	4,252,700	4,355,674
Child development center	361,369	-	361,369	332,598
Supportive services:				
Administration	430,668	-	430,668	565,894
Fundraising	687,739	-	687,739	761,775
Total expenses	5,732,476	-	5,732,476	6,015,941
Change in net assets	73,329	30,157	103,486	(37,904)
Net assets, beginning of period	3,246,784	1,799,577	5,046,361	5,084,265
Net assets, end of period	\$ 3,320,113	\$ 1,829,734	\$ 5,149,847	\$ 5,046,361

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

JobTrain, Inc.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2014  
(With Comparative Totals for the Year Ended June 30, 2013)

Exhibit B

	<u>Program Services</u>		<u>Supportive Services</u>			
	Educational and Related Services	Child Development Center	Admin-- istration	Fundraising	Total 2014	Total 2013
Expenses:						
Payroll	\$ 2,410,505	\$ 190,762	\$ 58,222	\$ 311,798	\$ 2,971,287	\$ 3,218,517
Payroll costs	635,144	55,167	26,963	65,563	782,837	749,323
Client support	37,441	16,010	-	-	53,451	73,434
Training and educational	227,721	7,926	36,373	8,939	280,959	253,499
Employee training and travel	29,799	8,524	6,749	788	45,860	63,915
Taxes, insurance and fees	49,927	5,126	83,529	4,779	143,361	127,218
Repairs and maintenance	35,631	1,679	2,382	1,048	40,740	38,340
Lease charges	29,118	2,509	1,447	1,725	34,799	56,985
Supplies and services	338,733	29,623	160,670	15,803	544,829	482,055
Utilities	142,392	13,994	10,419	11,768	178,573	184,667
Fundraising	-	-	-	236,841	236,841	365,625
Depreciation	298,282	26,513	19,353	24,758	368,906	320,016
Other expenses	18,007	3,536	24,561	3,929	50,033	82,347
Total expenses	<u>\$ 4,252,700</u>	<u>\$ 361,369</u>	<u>\$ 430,668</u>	<u>\$ 687,739</u>	<u>\$ 5,732,476</u>	<u>\$ 6,015,941</u>

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



STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets from operations	\$ 103,486	\$ (37,904)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind contribution of assets	(74,310)	(251,053)
Depreciation	368,906	320,016
Net realized/unrealized (gains) and losses on investments	(189,935)	(111,318)
Gain on disposal of fixed assets	(5,882)	-
Changes in certain assets and liabilities:		
Grants receivable	147,867	(205,957)
Pledges receivable	45,105	548,001
Prepaid expenses and other current assets	(16,216)	(6,654)
Accounts payable	(27,553)	(9,780)
Accrued payroll and benefits	(4,078)	11,237
Deferred compensation	(161,475)	161,475
Retirement plan obligation	-	(100,000)
Net cash provided by operating activities	<u>185,915</u>	<u>318,063</u>
Cash flows from investing activities:		
Purchase of investments	(111,993)	(143,855)
Sale of investments	258,290	73,681
Acquisition of fixed assets	<u>(152,762)</u>	<u>(55,805)</u>
Net cash used by investing activities	<u>(6,465)</u>	<u>(125,979)</u>
Cash flows from financing activities:		
Payments on capital lease obligation	<u>(25,647)</u>	<u>(35,439)</u>
Net cash used by financing activities	<u>(25,647)</u>	<u>(35,439)</u>
Net increase in cash during the year	153,803	156,645
Cash balance, beginning of period	<u>1,147,061</u>	<u>990,416</u>
Cash balance, end of period	<u>\$ 1,300,864</u>	<u>\$ 1,147,061</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 8,176</u>	<u>\$ 5,002</u>
Noncash activities:		
Disposition of fixed assets	<u>\$ 45,589</u>	<u>\$ 1,718,612</u>
Noncash investing and financing transaction:		
Lease of equipment		
Equipment	\$ 174,950	\$ -
Capital lease obligation	\$ (174,950)	\$ -

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

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, 2014

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, 2014

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.

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.

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, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Concentration of Credit Risk

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

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

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

L. Use of Estimates

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

M. Risk Management

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

N. Contingencies

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

O. Donated Services

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

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

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 7, 2014, 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.

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, 2014. 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, 2014 are as follows:

	2014	2013
Wells Fargo Bank	\$ 585,237	\$ 293,425
Vanguard	10,260	210,235
Charles Schwab	704,867	642,601
Petty cash	500	800
Total	<u>\$ 1,300,864</u>	<u>\$ 1,147,061</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, 2014

NOTE 5 - INVESTMENTS

Activity for the year ended June 30, 2014 is as follows:

	Charles Schwab Facilities Reserve	Charles Schwab 21 <sup>st</sup> Century Campaign	Total
Account balances as of 6/30/13	\$ 447,286	\$ 1,015,475	\$ 1,462,761
Transfers in/deposits	36,731	30,045	66,776
Unrealized gains (losses)	43,988	145,947	189,935
Dividends and interest	15,378	29,839	45,217
Transfers out/withdrawals	<u>(248,305)</u>	<u>(9,985)</u>	<u>(258,290)</u>
Account balances as of 6/30/14	<u>\$ 295,078</u>	<u>\$ 1,211,321</u>	<u>\$ 1,506,399</u>
 Bond Funds	 \$ 117,120	 \$ 305,596	 \$ 422,716
Equity Funds	177,958	894,621	1,072,579
Other Assets	<u>-</u>	<u>11,104</u>	<u>11,104</u>
Total	<u>\$ 295,078</u>	<u>\$ 1,211,321</u>	<u>\$ 1,506,399</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, 2014, the investments balance of \$1,506,399 was all classified to be Level 1.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

NOTE 7 - FIXED ASSETS

Fixed assets as of June 30, 2014 are as follows:

	Years	2014	2013
Land	N/A	\$ 993,669	\$ 993,669
Buildings	25	2,050,236	1,937,466
Building improvements	25	2,121,241	2,102,827
Leasehold improvements	25	60,000	60,000
Furniture, equipment & vehicles	5	1,532,781	1,481,849
Total		6,757,927	6,575,811
Less accumulated depreciation		(3,995,374)	(3,788,268)
Fixed assets, net		<u>\$ 2,762,553</u>	<u>\$ 2,787,543</u>

Depreciation expense was \$368,906 and \$320,016 for the years ended June 30, 2014 and June 30, 2013, respectively.

NOTE 8 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$147,497 and \$166,941 as of June 30, 2014 and June 30, 2013, respectively.

NOTE 9 - DEFERRED COMPENSATION

In June 2013, the Organization approved a deferred compensation package in the amount of \$150,000 to the Executive Director who retired in August 2013. The payments will be made in two installments, 25% in September 2013 and 75% in February 2014. The amount of deferred compensation was \$161,475 (\$150,000 in compensation plus \$11,475 in payroll taxes), and was fully paid in February 2014.

NOTE 10 - CAPITAL LEASE OBLIGATION

The Organization has entered into a capital lease agreement for office equipment with a cost of \$174,950 and related accumulated amortization of \$29,158. The lease, which expires in September 2018, requires monthly payments of \$3,382, and bears interest at approximately 6% per annum.

At June 30, 2014, the present value of the future minimum annual obligations under the agreement is as follows:

<u>Fiscal Year Ending June 30</u>	Principal	Interest
2015 (current portion)	\$ 32,514	\$ 8,073
2016	34,519	6,068
2017	36,648	3,939
2018	38,908	1,679
2019	6,714	51
Total	<u>\$ 149,303</u>	<u>\$ 19,810</u>

Total interest paid on the capital lease obligation was \$8,176 and \$5,002 for the years ended June 30, 2014 and June 30, 2013, respectively.



JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

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, 2014 and June 30, 2013, 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:

	2014	2013
Facility Fund	<u>\$ 386,519</u>	<u>\$ 469,269</u>

The assets related to the Facility Fund as shown on the Statement of Financial Position are as follows:

	2014	2013
Cash and cash equivalents - Charles Schwab	\$ 91,440	\$ 21,983
Investments - Charles Schwab	<u>295,079</u>	<u>447,286</u>
Total	<u>\$ 386,519</u>	<u>\$ 469,269</u>

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS

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

	2014	2013
Program services	\$ 2,750	\$ 2,700
21 <sup>st</sup> Century Campaign - Sustainability Fund	1,540,681	1,426,970
21 <sup>st</sup> Century Campaign - Special Initiatives	284,067	209,123
Legacy Fund	<u>2,236</u>	<u>160,784</u>
Total	<u>\$ 1,829,734</u>	<u>\$ 1,799,577</u>

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS (concluded)

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

	2014	2013
Program services:		
Cash and cash equivalents - Wells Fargo Bank	\$ 2,750	\$ 2,700
21 <sup>st</sup> Century Campaign - Sustainability Fund:		
Cash and cash equivalents - Charles Schwab	329,360	411,495
Investments - Charles Schwab	<u>1,211,321</u>	<u>1,015,475</u>
Subtotal	<u>1,540,681</u>	<u>1,426,970</u>
21 <sup>st</sup> Century Campaign - Special Initiatives:		
Cash and cash equivalents - Charles Schwab	<u>284,067</u>	<u>209,123</u>
Legacy Fund:		
Cash and cash equivalents - Wells Fargo Bank	2,236	155,784
Pledges receivable	<u>-</u>	<u>5,000</u>
Subtotal	<u>2,236</u>	<u>160,784</u>
Total	<u>\$ 1,829,734</u>	<u>\$ 1,799,577</u>

**The 21<sup>st</sup> Century Campaign Sustainability Fund** is a long-term restricted fund for the Organization, which will provide a strong capital base, annual interest income to the operating budget, and a vehicle to consolidate estate gifts for the future of the Organization. The Organization has been transforming lives in the community for 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.

**The Legacy Fund** was established in the retiring Executive Director's name to fund life skills training, successor planning and transitioning. The money was used for this purpose and the funds will wind up in the coming fiscal year.

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 \$37,346 and \$33,340 for the years ended June 30, 2014 and June 30, 2013, respectively.

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 \$453,223 and \$713,526 for the years ended June 30, 2014 and June 30, 2013, respectively.

JobTrain, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

NOTE 17 - CHANGE IN NET ASSETS BEFORE DEPRECIATION

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

	2014	2013
Total revenues	\$ 5,835,962	\$ 5,978,037
Total expenses, excluding depreciation*	<u>(5,363,570)</u>	<u>(5,695,925)</u>
Change in net assets before depreciation	<u>\$ 472,392</u>	<u>\$ 282,112</u>

\*Depreciation expense of \$368,906 and \$320,016 for the years ended June 30, 2014 and June 30, 2013, respectively, was excluded from total expenses.

JobTrain, Inc.  
CHILD DEVELOPMENT PROGRAMS - GENERAL INFORMATION  
June 30, 2014

Schedule 1

Organization name:	JobTrain, Inc.
Program name and contract number:	
41-1663-3A	Child and Adult Care Food Program
CSPP-3506	California State Preschool
Type of Organization:	Nonprofit Public Benefit Corporation
Address of Organization:	1200 O'Brien Drive, Menlo Park, CA 94025
Executive Director:	Nora Sobolov
Program Director:	Alonzo Emery
Finance Director:	Christal Lee
Telephone number:	(650) 330-6429
Report covered:	July 01, 2013 through June 30, 2014
Days of operation:	246 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, 2014

Schedule 2

	<u>CSPP-3506</u>
	California
	State
	<u>Preschool</u>
Revenues:	
Government contracts - SDE	\$ 194,253
Child care food program #41-1663-3A	<u>21,839</u>
Subtotal government contracts	216,092
Unrestricted contributions and other income	-
Family fees - certified children	34,890
Interest income	<u>2</u>
Total revenues	<u>250,984</u>
Expenses:	
Salaries	190,762
Employee benefits	55,167
Books and supplies	7,926
Rents and leases	2,509
Other operating expenses	76,813
Building repairs and maintenance	1,679
Depreciation	<u>26,513</u>
Total expenses	<u>361,369</u>
Change in net assets	<u>\$ (110,385)</u>

SCHEDULE OF EXPENSES BY STATE CATEGORIES

Child Development Centers  
For the Year Ended June 30, 2014

	<u>CSPP-3506</u>
	California
	State
	<u>Preschool</u>
Expenses:	
Direct payments to providers	\$ -
1000 Certificated salaries	159,905
2000 Classified salaries	30,267
3000 Employee benefits	55,167
4000 Books and supplies	14,723
5000 Services and other operating expenses	74,794
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Depreciation on assets not purchased	
with public funds	26,513
Start-up expenses - service level exemption	-
Indirect costs	<u>-</u>
Total expenses claimed for	
reimbursement	361,369
Total supplemental expenses	<u>-</u>
Total expenses	<u><u>\$ 361,369</u></u>

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

JobTrain, Inc.  
SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES  
Child Development Centers  
For the Year Ended June 30, 2014

Schedule 4

	<u>CSPP-3506</u>
	<u>California</u>
	<u>State</u>
	<u>Preschool</u>
<u>Unit Cost Under \$7,500 Per Item:</u>	
None	<u>\$ -</u>
Subtotal	<u>-</u>
<u>Unit Cost Over \$7,500 Per Item With Prior Written Approval:</u>	
None	<u>-</u>
Subtotal	<u>-</u>
<u>Unit Cost Over \$7,500 Per Item Without Prior Approval:</u>	
None	<u>-</u>
Subtotal	<u>-</u>
Total	<u><u>\$ -</u></u>

SCHEDULE OF REIMBURSABLE EXPENDITURES  
FOR RENOVATIONS AND REPAIRS  
 Child Development Centers  
 For the Year Ended June 30, 2014

	<u>CSPP-3506</u>
	California
	State
	<u>Preschool</u>
<u>Unit Cost Under \$10,000 Per Item:</u>	
None	\$ -
Subtotal	<u>-</u>
<u>Unit Cost \$10,000 or More Per Item With Prior Written Approval:</u>	
None	<u>-</u>
Subtotal	<u>-</u>
<u>Unit Cost \$10,000 or More Per Item Without Prior Written Approval:</u>	
None	<u>-</u>
Subtotal	<u>-</u>
Total	<u><u>\$ -</u></u>



JobTrain, Inc.  
SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS  
Child Development Centers  
For the Year Ended June 30, 2014

Schedule 6

	<u>CSPP-3506</u>
	<u>California</u>
	<u>State</u>
	<u>Preschool</u>
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	<u>-</u>
 Total reimbursable administrative costs	 \$ <u><u>-</u></u>

SCHEDULE OF REIMBURSABLE START-UP EXPENSES

Child Development Centers  
For the Year Ended June 30, 2014

	<u>CSPP-3506</u>
	<u>California</u>
	<u>State</u>
	<u>Preschool</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>

**AUDITED ATTENDANCE AND FISCAL REPORT**  
**for California State Preschool Programs**  
**SAN MATEO PILOT**

Agency Name: JobTrain, Inc. Vendor No. M322

Fiscal Year Ended: June 30, 2014 Contract No. CSPP-3506

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

<b>SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT</b>	<b>COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM</b>	<b>COLUMN B AUDIT ADJUSTMENTS</b>	<b>COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT</b>	<b>COLUMN D ADJUSTMENT FACTOR</b>	<b>COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT</b>
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.180	-
Full-time	402		402	1.000	402.000
Three-quarters-time	-		-	0.750	-
One-half-time	-		-	0.580	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.580	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	5,343		5,343	1.100	5,877.300
Three-quarters-time	53		53	0.825	43.725
One-half-time	-		-	0.580	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.580	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.580	-
<input checked="" type="checkbox"/> <b>NON-CERTIFIED CHILDREN</b> - Check this box, omit page 2, and continue to Section III if no noncertified children were					
<b>TOTAL DAYS OF ENROLLMENT</b>	5,798	-	5,798		6,323.025
<b>DAYS OF OPERATION</b>	246		246		
<b>DAYS OF ATTENDANCE</b>	5,798		5,798		

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

**AUDITED ATTENDANCE AND FISCAL REPORT**  
**for California State Preschool Programs**  
**SAN MATEO PILOT**

Agency Name: JobTrain, Inc. Vendor No. M322

Fiscal Year End: June 30, 2014 Contract No. CSPP-3506

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
RESTRICTED INCOME			
Child Nutrition Programs	\$18,518	\$3,321	\$21,839
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Other (Specify):			0
<b>Subtotal</b>	\$18,518	\$3,321	\$21,839
Transfer from Reserve			0
Family Fees for Certified Children Full-Day Program	36,990	(2,100)	34,890
Family Fees for Certified Children Part-Day Program			0
Interest Earned on Apportionments	2		2
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$55,510	\$1,221	\$56,731

**SECTION IV - REIMBURSABLE EXPENSES**

1000 Certificated Salaries	\$163,689	(\$3,784)	\$159,905
2000 Classified Salaries	30,267	0	30,267
3000 Employee Benefits	59,132	(3,965)	55,167
4000 Books and Supplies	14,212	511	14,723
5000 Services and Other Operating Expenses	76,853	(2,059)	74,794
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		26,513	26,513
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>	\$344,153	\$17,216	\$361,369
<input checked="" type="checkbox"/> <b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$0	\$0	\$0

<input type="checkbox"/> <b>NO</b> Explain any discrepancies.			
---	--	--	--

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

☒ **YES** Requirements of the California Department of Education, Early Education and Support Division:

☐ **NO** Explain any discrepancies.

maintained as required (check YES or NO):

☒ **NO** SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):	COMMENTS - If necessary, attach additional sheets to explain adjustments:
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JobTrain, Inc.  
Child Development Centers  
SUMMARY OF CLAIM  
Agreement No: 41-1663-3A  
For the Period July 1, 2013 to June 30, 2014

Schedule 10

	<u>Allowed</u>	<u>Paid</u>	
Amount Reimbursable from Federal Fund	\$ 20,598		
Federal Fund Payments to Date		\$ 20,598	
Federal Fund reimbursement Variance (Overpaid)			\$ -
Cash-In-Lieu Reimbursement	1,240	1,240	<u>-</u>
Total Federal Fund Reimbursement Variance (Overpaid):			-
State Meal Compensation	-	-	<u>-</u>
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, 2013 to June 30, 2014

FIXED PERCENTAGE METHOD

Federal Meal Compensation	MEALS			Food Service Rates	Revenue Recognized	Audit Adjustments	Earned Reimbursement
	Reported	Adjusted	Allowed				
<u>Breakfast</u>							
Free	2,554	-	2,554	\$ 1.5800	\$ 4,035	\$ -	\$ 4,035
Reduced	1,021	-	1,021	1.2800	1,307	-	1,307
Base	900	-	900	0.2800	252	-	252
Total	<u>4,475</u>	<u>-</u>	<u>4,475</u>		<u>5,594</u>	<u>-</u>	<u>5,594</u>
<u>Lunch</u>							
Free	3,047	-	3,047	\$ 2.9300	8,928	-	8,928
Reduced	1,218	-	1,218	2.5300	3,082	-	3,082
Base	1,070	-	1,070	0.2800	300	-	300
Total	<u>5,335</u>	<u>-</u>	<u>5,335</u>		<u>12,309</u>	<u>-</u>	<u>12,309</u>
<u>Supplements</u>							
Free	2,739	-	2,739	\$ 0.8000	2,191	-	2,191
Reduced	1,092	-	1,092	0.4000	437	-	437
Base	963	-	963	0.0700	67	-	67
Total	<u>4,794</u>	<u>-</u>	<u>4,794</u>		<u>2,695</u>	<u>-</u>	<u>2,695</u>
Total Federal Meal Reimbursement					20,598	-	20,598
Cash-In-Lieu	<u>5,335</u>	<u>-</u>	<u>5,335</u>	\$ 0.2325	1,240	-	1,240
Total Federal Reimbursement					<u>21,839</u>	<u>-</u>	<u>21,839</u>
State Meal Compensation	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	\$ 0.1660	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
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, 2013 to December 31, 2013

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	July 2013			August 2013			September 2013		
<u>Breakfast</u>									
Free	252	-	252	221	-	221	247	-	247
Reduced	78	-	78	103	-	103	106	-	106
Base	116	-	116	104	-	104	71	-	71
Total	446	-	446	428	-	428	424	-	424
<u>Lunch</u>									
Free	269	-	269	247	-	247	272	-	272
Reduced	83	-	83	115	-	115	117	-	117
Base	124	-	124	115	-	115	77	-	77
Total	476	-	476	477	-	477	466	-	466
<u>Supplements</u>									
Free	269	-	269	225	-	225	253	-	253
Reduced	83	-	83	105	-	105	109	-	109
Base	124	-	124	105	-	105	72	-	72
Total	476	-	476	435	-	435	434	-	434
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	October 2013			November 2013			December 2013		
<u>Breakfast</u>									
Free	234	-	234	211	-	211	174	-	174
Reduced	108	-	108	75	-	75	75	-	75
Base	72	-	72	75	-	75	49	-	49
Total	414	-	414	361	-	361	298	-	298
<u>Lunch</u>									
Free	288	-	288	252	-	252	202	-	202
Reduced	133	-	133	90	-	90	87	-	87
Base	88	-	88	90	-	90	58	-	58
Total	509	-	509	432	-	432	347	-	347
<u>Supplements</u>									
Free	248	-	248	205	-	205	190	-	190
Reduced	114	-	114	73	-	73	81	-	81
Base	76	-	76	73	-	73	54	-	54
Total	438	-	438	351	-	351	325	-	325

## Child Development Centers

**SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED MEALS AND EARNED REIMBURSEMENT**

Agreement No: 41-1663-3A

For the Period January 1, 2014 to June 30, 2014

FIXED PERCENTAGE METHOD

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	January 2014			February 2014			March 2014		
<u>Breakfast</u>									
Free	230	-	230	213	-	213	223	-	223
Reduced	99	-	99	91	-	91	80	-	80
Base	66	-	66	61	-	61	80	-	80
Total	395	-	395	365	-	365	383	-	383
<u>Lunch</u>									
Free	267	-	267	251	-	251	254	-	254
Reduced	115	-	115	108	-	108	91	-	91
Base	76	-	76	71	-	71	91	-	91
Total	458	-	458	430	-	430	436	-	436
<u>Supplements</u>									
Free	255	-	255	215	-	215	234	-	234
Reduced	109	-	109	92	-	92	84	-	84
Base	73	-	73	61	-	61	83	-	83
Total	437	-	437	368	-	368	401	-	401
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	April 2014			May 2014			June 2014		
<u>Breakfast</u>									
Free	205	-	205	184	-	184	160	-	160
Reduced	73	-	73	71	-	71	62	-	62
Base	74	-	74	71	-	71	61	-	61
Total	352	-	352	326	-	326	283	-	283
<u>Lunch</u>									
Free	279	-	279	255	-	255	211	-	211
Reduced	100	-	100	98	-	98	81	-	81
Base	100	-	100	99	-	99	81	-	81
Total	479	-	479	452	-	452	373	-	373
<u>Supplements</u>									
Free	233	-	233	226	-	226	186	-	186
Reduced	83	-	83	87	-	87	72	-	72
Base	84	-	84	87	-	87	71	-	71
Total	400	-	400	400	-	400	329	-	329



JobTrain, Inc.  
Child Development Centers  
SCHEDULE OF REPORTED, ADJUSTED AND  
ALLOWED ELIGIBILITY  
Agreement No: 41-1663-3A  
For the Period July 1, 2013 to June 30, 2014

Schedule 14

FIXED PERCENTAGE METHOD

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<u>Total Enrolled</u>												
Reported	23	29	24	23	24	24	24	24	24	24	23	23
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	23	29	24	23	24	24	24	24	24	24	23	23
<u>Eligibility Categories</u>												
Free												
Reported	13	15	14	13	14	14	14	14	14	14	13	13
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	13	15	14	13	14	14	14	14	14	14	13	13
Reduced												
Reported	4	7	6	6	5	6	6	6	5	5	5	5
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	4	7	6	6	5	6	6	6	5	5	5	5
Base												
Reported	6	7	4	4	5	4	4	4	5	5	5	5
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	6	7	4	4	5	4	4	4	5	5	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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of JobTrain, Inc. which comprise the statement of financial position as of June 30, 2014, 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 October 7, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
October 7, 2014

INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors  
JobTrain, Inc.  
Menlo Park, California

Report on Compliance for Each Major Federal Program

We have audited JobTrain, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. JobTrain, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of JobTrain, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal program. However, our audit does not provide a legal determination of JobTrain, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, JobTrain, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of JobTrain, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered JobTrain, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
October 7, 2014

JobTrain, Inc.  
Child Development Centers  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014

<u>Grantor</u>	Federal CFDA 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	N/A	N/A	N/A	\$ 21,839	\$ -
Total U.S. Department of Agriculture			-	-	-	21,839	-
<u>U.S. Department of Labor:</u>							
Workforce Investment Act (WIA) Cluster:							
Pass through the County of San Mateo:							
WIA Individual Training Account Contracts - Adult	17.258	N/A	N/A	N/A	N/A	82,250	-
WIA Individual Training Account Contracts - Dislocated Worker	17.278	N/A	N/A	N/A	N/A	92,750	-
Peninsula Works - Adult and Dislocated Worker	17.258	068762	248,000	-	248,000	248,000	-
Peninsula Works - Dislocated Worker (Additional Assistance)	17.278	068762	132,000	-	132,000	132,000	-
Peninsula Works - CCP	17.278	19000-14-D001	100,000	-	100,000	100,000	-
Youth - In and Out-of-School	17.259	068762	302,857	-	302,857	302,857	-
Total pass through the County of San Mateo (WIA Cluster)			782,857	-	782,857	957,857	-
Pass through the Opportunities Industrialization Center of America:							
Green Jobs Innovation	17.279	N/A	357,641	-	357,641	119,214	-
Total pass through the Opportunities Industrialization Center of America			357,641	-	357,641	119,214	-
Total U.S. Department of Labor			1,140,498	-	1,140,498	1,077,071	-

JobTrain, Inc.  
Child Development Centers  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014

<u>Grantor</u>	Federal CFDA Number	Grantor's Number	Award Amount			Expenditures	
			Federal	State	Total	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	\$ 17,381	\$ -
Achieve 180 Program	16.812	32000-14-D013	37,500	-	37,500	37,500	-
Achieve 180 Program	16.812	75200-14-D006	37,500	-	37,500	18,580	-
Total U.S. Department of Justice			150,000	-	150,000	73,461	-
<u>U.S. Department of Health and Human Services:</u>							
Pass through the Center to Protect Workers Rights:							
Hazardous Waste Worker Training	93.142	2110-18	150,000	-	150,000	6,892	-
Hazardous Waste Worker Training	93.142	2110-25	165,104	-	165,104	156,235	-
Total pass through the Center to Protect Workers Rights			315,104	-	315,104	163,127	-
Pass through the California State Department of Education:							
California State Preschool	93.575	CSPP-3506	16,857	-	16,857	16,857	-
California State Preschool	93.596	CSPP-3506	35,340	142,056	177,396	35,340	142,056
Total pass through the California State Department of Education			52,197	142,056	194,253	52,197	142,056
Total U.S. Department of Health and Human Services			367,301	142,056	509,357	215,324	142,056
<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	-	996,000
Total California State Department of Transportation			-	2,140,680	2,140,680	-	996,000
Total federal and state awards			\$ 1,657,799	\$ 2,282,736	\$ 3,940,535	\$ 1,387,695	\$ 1,138,056

JobTrain, Inc.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014

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.

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, 2014

**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 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	\$ 957,857
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, 2014

Recommendation

Status/Explanation

There were no prior year findings or recommendations.