

JOB SQUAD, INC.

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016**

DHHR - Finance

JUN 27 2019

Date Received

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Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Job Squad, Inc.
Bridgeport, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Job Squad, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Job Squad, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state grant receipts and expenditures 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 December 5, 2017, on our consideration of Job Squad, 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 Job Squad, Inc.'s internal control over financial reporting and compliance.

Tetrick & Bartlett, PLLC
Clarksburg, West Virginia
December 5, 2017

DHHR - Finance

JUN 27 2019

Date Received

JOB SQUAD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2017	2016
ASSETS		
Current Assets		
Cash	\$ 2,202,071	\$ 1,380,226
Investments	189,704	171,363
Accounts receivable	564,516	565,036
Grant receivable	20,333	7,000
Prepaid expenses	14,250	14,250
Other asset – trust consent settlement receivable	-0-	14,174
Total current assets	<u>2,990,874</u>	<u>2,152,049</u>
Other Assets		
Restricted cash for collateral on a compensating balance loan	25,894	29,817
Property and equipment (net)	<u>728,087</u>	<u>729,290</u>
Total other assets	<u>753,981</u>	<u>759,107</u>
TOTAL ASSETS	\$ <u>3,744,855</u>	\$ <u>2,911,156</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 102,224	\$ 106,086
Accrued salaries and wages	111,952	70,376
Accrued vacation pay	130,331	113,913
Accrued employee consent settlement liability	-0-	14,174
Current portion – capital lease obligation	13,917	13,723
Deferred income liability – Xerox	<u>13,447</u>	<u>-0-</u>
Total current liabilities	<u>371,871</u>	<u>318,272</u>
Long-Term Liabilities		
Non-current portion of capital lease obligation	<u>21,092</u>	<u>34,334</u>
Total long-term liabilities	<u>21,092</u>	<u>34,334</u>
Total liabilities	392,963	352,606
Net Assets		
Temporarily restricted for collateral on a compensating balance loan	25,894	29,817
Unrestricted net assets	<u>3,325,998</u>	<u>2,528,733</u>
Total net assets	<u>3,351,892</u>	<u>2,558,550</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,744,855</u>	\$ <u>2,911,156</u>

See accompanying notes and independent auditor's report.

JOB SQUAD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2017	2016
Unrestricted Revenue		
Contract revenue	\$ 4,702,444	\$ 3,886,159
Revenue – Presort mailing	595,416	620,469
Grants	244,000	84,000
Interest	1,244	917
Investment income	5,022	3,062
Unrealized gain on investments	13,979	6,679
Other income	<u>404,891</u>	<u>383,696</u>
Total unrestricted revenue	<u>5,966,996</u>	<u>4,984,982</u>
Unrestricted Expenses		
Community Rehabilitation Program:		
Salaries and wages	2,434,326	2,089,957
Fringe benefits	921,194	773,049
Operating supplies	241,537	230,454
Postage – Presort mailing supplies	87,755	124,804
Contractual support and other fees	25,934	26,351
Travel	33,279	17,710
Uniforms	24,015	24,346
Depreciation	122,526	106,623
Interest	1,821	1,076
Insurance	22,525	20,458
Education and training	7,347	7,615
Occupancy, equipment rental and maintenance	183,370	174,740
Grounds maintenance	36,213	37,560
Dues and subscriptions	1,822	2,228
NISH fees	177,940	131,826
Telephone	32,233	20,261
Other operating expenses	6,411	708
Miscellaneous	<u>26,694</u>	<u>24,929</u>
Total community rehabilitation program	<u>4,386,942</u>	<u>3,814,695</u>

	2017	2016
Management and General:		
Salaries and wages	\$ 388,187	\$ 335,891
Fringe benefits	146,897	124,242
Contractual support and other fees	31,046	29,584
Sales and Use tax	4,325	252
Operating supplies	18,762	12,364
Travel	14,699	3,912
Depreciation	13,614	11,847
Insurance	2,503	2,273
Marketing, publications and postage	14,938	1,291
Education and training	43,671	24,540
Equipment rental and maintenance	2,805	2,604
Small furniture and fixtures	4,405	20,910
Dues and subscriptions	7,636	5,587
Telephone	8,705	5,775
Utilities	15,196	10,069
Bad debt	5,269	-0-
Your Community Foundation, Inc. – Charitable Contribution Scholarship	40,000	-0-
Miscellaneous	<u>15,505</u>	<u>18,168</u>
Total management and general	778,163	609,309
Loss (gain) on disposal of assets	<u>8,549</u>	<u>-0-</u>
Total unrestricted expenses and (gains)/losses	<u>5,173,654</u>	<u>4,424,004</u>
Change in net assets	793,342	560,978
Net unrestricted assets at beginning of year	<u>2,558,550</u>	<u>1,997,572</u>
Net unrestricted assets at end of year	\$ <u>3,351,892</u>	\$ <u>2,558,550</u>

See accompanying notes and independent auditor's report.

JOB SQUAD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 793,342	\$ 560,978
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	136,140	118,470
Loss (gain) on disposal of assets	8,549	-0-
Unrealized loss (gain) on investments	(13,979)	(6,679)
(Increase) decrease in:		
Accounts receivable	520	(135,433)
Grant receivable	(13,333)	7,000
Prepaid expenses and deposits	-0-	(4,281)
Other asset – trust consent settlement receivable	14,174	(14,174)
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,862)	8,362
Accrued salaries and wages	41,576	10,386
Accrued vacation pay	16,418	30,942
Accrued employee consent settlement liability	(14,174)	(826)
Deferred income liability – Xerox	13,447	-0-
Net cash provided by (used in) operating activities	<u>978,818</u>	<u>574,745</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(148,939)	(310,632)
Proceeds from sale of property and equipment	5,453	-0-
Net (purchases) proceeds of investments	<u>(4,362)</u>	<u>(3,489)</u>
Net cash provided by (used in) investing activities	<u>(147,848)</u>	<u>(314,121)</u>
Cash Flows from Financing Activities		
Proceeds from line of credit	-0-	-0-
Proceeds from capital lease	-0-	34,307
Payments on capital lease	(13,048)	(6,795)
Payments on long-term debt	-0-	(81,739)
Net cash provided by (used in) financing activities	<u>(13,048)</u>	<u>(54,227)</u>
Net increase (decrease) in cash	817,922	206,397
Cash at beginning of year	1,410,043	1,203,646
Cash at end of year	\$ <u>2,227,965</u>	\$ <u>1,410,043</u>
Supplementary Disclosures		
Cash Flow Information:		
Cash payments for interest	\$ <u>1,821</u>	\$ <u>1,076</u>

See accompanying notes and independent auditor's report.

JOB SQUAD, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Activities

Job Squad, Inc. (the Organization) was incorporated under the laws of the State of West Virginia as a nonprofit, nonstock corporation on August 24, 1984. The primary purpose of the Organization is to provide job development, job placement, situational assessment, on-the-job training, job coaching, job accommodation, and other rehabilitative employment services to qualified participants with various physical, as well as mental, disabilities. The Organization provides these services through employment of program participants. The Organization contractually provides janitorial and maintenance services to various governmental, as well as commercial entities throughout North Central West Virginia in order to provide employment and career development experience to program participants.

In February 2004, Job Squad, Inc. acquired a presort mailing business in Charleston, West Virginia. The Organization contractually provides mailing services to various state governmental agencies and commercial businesses in the Greater Charleston area in order to provide employment and career development experience to program participants.

Basis of Accounting and Reporting

Job Squad, Inc. uses the accrual basis of accounting under which expenses are recorded when incurred, not when paid, and income is recorded when earned, not when received.

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of Job Squad, Inc. are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

Job Squad, Inc. also prepares financial statements in accordance with the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (ASC 958-205 and subsections). Under these standards, Job Squad, Inc. 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. In addition, Job Squad, Inc. is required to present a statement of cash flows.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

Basis of Presentation

Net assets of Job Squad, Inc. and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed conditions.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed conditions that will be met either by the actions of Job Squad, Inc. or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed conditions that require that they be maintained permanently by Job Squad, Inc. At June 30, 2017 and 2016, the Organization had no permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless the use of the related asset is limited by conditions imposed by the donor. If conditions exist, the revenues would be reported as either temporarily restricted net assets or permanently restricted net asset, depending on the nature of the conditions imposed. Expenses are reported as decreases in unrestricted net assets. When a condition expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, has no provision for federal or state income taxes.

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2015, 2016, and 2017 are subject to examination by the IRS, generally for 3 years after they were filed.

Cash and Cash Equivalents

For purposes of the cash flow statement, the Organization considers cash to be cash and cash equivalents.

Concentrations of Credit Risk Arising from Cash Deposits

Cash on hand and deposits with financial institutions either in checking, savings, or money market accounts are presented as cash in the accompanying financial statements.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The Organization maintains its cash in bank deposit accounts at financial institutions. The balances in the banks are recommended to be insured by the Federal Deposit Insurance Corporation. At June 30, 2017, the Organization's insured actual cash balances totaled \$1,109,521 while the uninsured cash balances totaled \$913,863. At June 30, 2016, the Organization's insured actual cash balances totaled \$881,107, while the uninsured actual cash balances totaled \$306,268.

During the fiscal years ending June 30, 2017 and 2016, the Organization also maintained its cash deposit accounts at a Credit Union. The balances at the Credit Union are insured by the National Credit Union Administration. At June 30, 2017 and 2016, the Organization's insured actual cash balances totaled \$221,438 and \$225,105, respectively.

Concentrations of Credit Risk Arising from Accounts Receivable

The Organization's revenues are generated in part from services provided to governmental entities and private businesses. The ultimate collection of the accounts receivable resulting from this type of revenue is dependent upon the governmental entities and private businesses income and payment ability.

Accounts Receivable

The Organization does not maintain an allowance for estimated uncollectible accounts. When an account is determined uncollectible it is deducted from the accounts receivable and is charged to uncollectible accounts expense. All receivables deemed uncollectible at June 30 have been charged to uncollectible accounts expense.

Inventory

Purchases of supplies are expensed as incurred.

Property and Equipment

Property and equipment are recorded at cost or approximate market value at date of gift, less accumulated depreciation. The organization employs the straight-line method of computing depreciation based on the estimated useful lives (ranging from five to thirty nine years) of the assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Interest Costs

All interest costs have been expensed as incurred.

Capital Lease

During the period, the Organization purchased equipment under a month to month capital lease obligation.

Operating Lease

During the period, the Organization rented some of its facilities under a month to month operating lease.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However many individuals volunteer time and perform a variety of tasks that assist the Organization with specific programs, solicitations and various committee assignments.

Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed.

2. Major Customer

Revenues for the years ended June 30, 2017 and 2016, include approximately \$4,440,253 and \$3,663,513 respectively, from two contracts with the Federal Bureau of Investigation (FBI). This represents nearly 84% and 81% for both June 30, 2017 and June 30, 2016, respectively, of total contractual revenues. Receivables from these major contracts as of June 30, 2017 and 2016 amount to approximately \$390,513 and \$365,957, respectively, which represents 69% and 65%, respectively, of the total accounts receivable.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

3. Fair Value Measurements

Fair value of assets measured on a recurring basis at June 30, 2017 and 2016 are as follows:

For the year ended June 30, 2017

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common stocks	\$ 136,690	\$ 136,690	\$ -0-	\$ -0-
Mutual funds	<u>53,014</u>	<u>53,014</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 189,704</u>	<u>\$ 189,704</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

For the year ended June 30, 2016

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common stocks	\$ 122,758	\$ 122,758	\$ -0-	\$ -0-
Mutual funds	<u>48,605</u>	<u>48,605</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 171,363</u>	<u>\$ 171,363</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Fair values for common stocks and mutual funds are unadjusted quoted market prices for identical assets in active markets that the Organization has the ability to access.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2017 and 2016.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

4. Investments

Investments consist primarily of annuities, corporate bonds, government bonds, foreign bonds, and common stocks and mutual funds reported at fair value at years ended June 30, 2017 and 2016 as follows:

For the year ended June 30, 2017

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Common stocks	\$ 107,579	\$ 136,690	\$ 29,111
Mutual funds	<u>53,012</u>	<u>53,014</u>	<u>2</u>
Total	\$ <u>160,591</u>	\$ <u>189,704</u>	\$ <u>29,113</u>

Investment return is summarized as follows:

Dividend income	\$ 6,312
Realized gain on sale of stocks/mutual funds	377
Investment fee	(1,667)
Total unrestricted investment income	\$ <u>5,022</u>

For the year ended June 30, 2016

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Common stocks	\$ 105,522	\$ 122,758	\$ 17,236
Mutual funds	<u>50,708</u>	<u>48,605</u>	(2,103)
Total	\$ <u>156,230</u>	\$ <u>171,363</u>	\$ <u>15,133</u>

Investment return is summarized as follows:

Dividend income	\$ 3,767
Realized gain on sale of stocks/mutual funds	834
Investment fee	(1,539)
Total unrestricted investment income	\$ <u>3,062</u>

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

5. Property and Equipment

Property and equipment are comprised of the following at June 30,

	2017	2016
Building and improvements	\$ 326,447	\$ 326,447
Equipment and furniture	885,698	934,147
Land	29,000	29,000
Leasehold improvements	46,858	46,858
Vehicles	285,265	278,112
Other	<u>18,304</u>	<u>18,304</u>
Total	1,591,572	1,632,868
Less: Accumulated depreciation	<u>(863,485)</u>	<u>(903,578)</u>
Property and equipment (net)	\$ <u>728,087</u>	\$ <u>729,290</u>

6. Line of Credit

At June 30, 2017 and 2016 the Organization has available a line of credit with banking institutions at prevailing interest rates. The available line of credit is \$400,000 at June 30, 2017 and the available line of credit is \$400,000 at June 30, 2016. The line of credit is secured by the proceeds from the contract with the FBI. The Organization had no outstanding borrowings on these lines of credit as of June 30, 2017 and 2016.

7. Leases

Capital Leases

The Organization leases certain equipment under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

The following is an analysis of the leased assets included in the Property and Equipment:

	<u>For the Year Ended</u> <u>June 30, 2017</u>	<u>For the Year Ended</u> <u>June 30, 2016</u>
Equipment - copiers	\$ 65,878	\$ 65,878
Less: accumulated depreciation	<u>31,683</u>	<u>18,508</u>
Equipment - copiers (net)	\$ <u>34,195</u>	\$ <u>47,370</u>

The following is a schedule by years of future minimum payments required under the lease obligations together with their present value as of June 30, 2017:

<u>Year ended June 30,</u>	
2018	\$ 13,910
2019	8,478
2020	7,258
2021	7,258
2022	<u>898</u>
 Total minimum lease payments	 37,802
 Less amount representing interest	 <u>2,793</u>
 Present value of minimum lease payments	 \$ <u>35,009</u>

Amortization of assets held under capital leases is included with depreciation expense.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Operating Leases

The Organization rents various equipment on a month to month basis or under an operating lease agreement. Rental expense for the years ended June 30, 2017 and 2016, amounted to \$127,708 and \$117,246, respectively.

As of June 30, 2017, the total remaining operating lease payments under these agreements are as follows:

<u>Year ended June 30,</u>	
2018	\$ 580
2019	<u>145</u>
Total	\$ <u>725</u>

Operating Lease – Venable-Collins, Inc. Facilities

A ten year lease agreement was made in July 2015 between Venable-Collins, Inc. and Job Squad, Inc. Rent during years one through five of the lease is \$7,250 and \$8,300 during years six through ten of the lease. Job Squad, Inc. also agreed to pay a \$7,000 security deposit at the signing of the lease with the deposit being returned to the Organization at the end of the base term if the premises is returned in good condition.

As of June 30, 2017, the total remaining operating lease payments under this agreement is as follows:

<u>Year ended June 30,</u>	
2018	\$ 87,000
2019	87,000
2020	87,000
2021	99,600
2022	99,600
2023	99,600
2024	99,600
2025	<u>99,600</u>
Total	\$ <u>759,000</u>

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

8. Contingencies – Micro Loan Program

Job Squad, Inc., has replaced their Micro Loan program, where direct loans were made to qualified borrowers, with a compensating loan program. Job Squad Inc., will provide collateral of 100% of the borrowed amount between CWV Tel Federal Credit Union and the qualified borrowers, which would enable an individual with inadequate credit to obtain a personal loan. As of June 30, 2017 and June 30, 2016 Job Squad, Inc., has pledged \$25,894 and \$29,817 respectively, as collateral for the compensating loan program. Job Squad, Inc., has a potential liability for the amount of the funds borrowed if the loan becomes delinquent. This amount of cash has been restricted as of June 30, 2017 and June 30, 2016.

9. Your Community Foundation Agency Endowment Agreement – Job Squad Endowment Fund

Agreement #1

An agreement was made on February 11, 2013 between Your Community Foundation, Inc. (a non-profit charitable corporation) (Foundation) and Job Squad, Inc. On this date Job Squad, Inc. transferred to the Foundation an irrevocable gift of \$10,000. The purpose of this gift is to establish an Agency Endowment Fund to be known as the Job Squad Endowment Fund that is devoted solely to the purpose of supporting Job Squad, Inc. The terms and condition of the Fund are outlined in the agreement as follows:

- a. The principal of the Fund shall be endowment principal and shall be kept intact, invested, and reinvested in accordance with the investment policies of the Foundation.
- b. Net income only shall be available for utilization by Job Squad, Inc. to fulfill its mission and charitable purposes, subject to the schedule of fees adopted by the Foundation for investing and managing the Fund. The principal balance that exceeds ten thousand dollars (\$10,000) may be available for charitable purposes upon a showing of extraordinary circumstances and approval by the Board of Directors of the Foundation.
- c. There shall be no distribution of net income form the Fund, except for the fees paid to the Foundation for investing and administering the Fund, if the balance of the Fund is less than ten thousand dollars (\$10,000).
- d. Should Job Squad, Inc. cease to exist or function as a qualified charitable organization, the endowment shall be used for other similar charitable purposes within the YCF service area.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Agreement #2

An agreement was made on June 19, 2017 between Your Community Foundation, Inc. (a non-profit charitable corporation) (Foundation) and Job Squad, Inc. On this date Job Squad, Inc. transferred to the Foundation an irrevocable gift of \$40,000. The purpose of this gift is to provide scholarships to individuals from West Virginia with disabilities who are pursuing a post-secondary education at a trade, vocational, two-year or traditional four-year college or university. The terms and conditions of the Fund are outlined in the agreement as follows:

- a. The Donor intends for this Fund to be an endowment. Distributions from the fund shall be limited to the fund's distributable amount determined in accordance with the Foundation's spending policy.
- b. The Foundation may establish an advisory committee for this Fund. The majority of the committee must be appointed by the Foundation. Up to two members may be appointed by the Donor with the approval of the Foundation. The committee will operate in accordance with the Foundations Policies and Procedures for Scholarship Funds.
- c. This Fund is subject to the Foundation's governing instruments including the Foundation's power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if in the sole judgement of the Foundation's governing body (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.
- d. The Foundation will assess administrative and investment management fees against this Fund in accordance with the Foundation's published fee schedule, as amended from time to time. The Foundation may also assess the fund to cover any unusual expenses incurred in connection with the contributed assets, including the cost of disposing of them, and in the administration of the Fund.
- e. The Fund will be administered in accordance with the normal customary policies of the Foundation.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The Fund and all funds therein shall be ultimately administered by the Foundation in accordance with the Foundation's status as a tax-exempt organization, and shall be subject to the Foundation's Charters and Bylaws, including the power contained therein for the Board of Directors of the Foundation to modify any restrictions or conditions if in their sole judgment (without approval by any trustee, custodian, or agent) such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation.

Net income available for utilization by Job Squad, Inc. as of the years ended June 30, 2017 and 2016 amounted to \$2,982 and \$1,577, respectively.

10. Agreement with West Virginia University Research Corporation

A service agreement was made, effective date of June 1, 2012 and extending through March 31, 2016, between West Virginia University Research Corporation ("WVURC") and Job Squad, Inc. The service agreement outlines the scope of work to be performed by Job Squad, Inc. as follows:

1. Job Squad, Inc. offers services to the WVURC to:
 - a. Provide processing and payment of HAPI Service Billing claims and
 - b. Provide warehousing, packaging, and shipping services for the West Virginia Healthy Start/HAPI Project.
2. Job Squad, Inc. will enter into a subcontract agreement with WVURC and WV Healthy Start/HAPI Project to process and pay all HAPI service claims bi-monthly.
3. Job Squad, Inc. will pay HAPI claims (ranging from \$10,000 to \$25,000 per month) in advance of payment reimbursement. Job Squad, Inc. will invoice WVURC for the total monthly cost of claims processed and receive payment in full within a maximum of 2 weeks.

Job Squad, Inc. received compensation for the processing and payment of HAPI Service Billing Claims as well as warehousing services provided to WVURC for the West Virginia Healthy Start/HAPI Project for the years ended June 30, 2017 and 2016 amounting to \$49,201 and \$46,409, respectively. As of April 1, 2017 thru March 31, 2018, the service agreement between WVURC and Job Squad, Inc. has been renewed.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

11. 401(k) Retirement Plan

Job Squad, Inc. has a 401(k) retirement plan covering its eligible employees. Contributions and rollovers to the plan for the plan's year ending December 31, 2015 amounted to \$83,263 by the employees. In February 2016, there was a \$19,650 contribution made by the Organization for this period.

Contributions to the plan for the plan's year ending December 31, 2016 amounted to \$92,224 by the employees. In February 2017, there was a \$32,832 contribution made by the Organization for this period.

Job Squad, Inc. has a 403(B) retirement plan, in which the only participant is the Executive Director. Contributions and rollovers to the plan for the plan's year ending December 31, 2015 amounted to \$2,000 by the employee. The Organization makes no contributions to the 403(B) retirement plan.

Contributions to the plan for the plan's year ending December 31, 2016 amounted to \$0 by the employee. The Organization makes no contributions to the 403(B) retirement plan.

12. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

13. Settlement from Ken, Hughes, and Associates, P.C.

On January 1, 2003, Job Squad, Inc. entered into an agreement with Axis Benefit Administrators, Inc. as a third-party administrator, and Ken, Hughes, and Associates, P.C. (KHA), as trustee, whereby Job Squad, Inc. would make contributions to Axis and KHA on behalf of Job Squad, Inc.'s employees, which funds would be deposited into a fund of the Job Squad, Inc.'s Benefit Trust and Job Squad, Inc.'s employees could then access the funds for reimbursement of healthcare deductibles, co-pays and other covered expenses. On December 29, 2015 the federal government, through the United States Department of Labor filed a suit against Axis and KHA, alleging embezzlement and unlawful diversion of funds from the Job Squad, Inc.'s Trust and other benefit plans. On February 8, 2016, \$14,174 was received from Ken, Hughes, and Associates, P.C. for the distribution of funds to the employees of Job Squad, Inc. for their loss.

See independent auditor's report.

JOB SQUAD, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

14. Subsequent Events

The Job Squad, Inc. has evaluated subsequent events through December 5, 2017, the date the financial statements were available to be issued.

See independent auditor's report.

JOB SQUAD, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Identifying State Grant Information</u>	<u>Period of Time</u>	<u>Amount of Award</u>	<u>Receipt of Funds</u>	<u>Expenditure of Funds</u>
West Virginia Department of Health and Human Resources				
BHHF - Office of Programs and Policies	07/01/16-06/30/17	\$ 244,000	\$ 223,667	\$ 244,000
West Virginia Department of Health and Human Resources				
Development Disabilities Council	10/01/16-09/30/17	\$ 17,000	\$ -0-	\$ -0-
West Virginia Department of Health and Human Resources				
BHHF - Office of Behavioral Health and Health Facilities	07/01/15-06/30/16	\$ 84,000	\$ 7,000	\$ -0-

See accompanying notes and independent auditor's report.



Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

**INDEPENDENT AUDITOR'S 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***

To the Board of Directors of
Job Squad, Inc.
Bridgeport, West Virginia

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 Job Squad, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Job Squad, 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 Job Squad, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Job Squad, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses as items #2017-001 thru #2017-003 in the accompanying schedule of findings and responses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Job Squad, 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*.

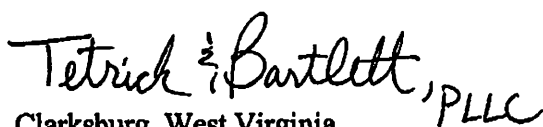
We noted certain other matters that we have reported to the management of Job Squad, Inc. in a separate letter dated December 5, 2017.

Job Squad, Inc.'s Response to Findings

Job Squad, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Job Squad, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.


Clarksburg, West Virginia
December 5, 2017

JOB SQUAD, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

#2017-001 Segregation of Duties

Criteria: Internal control should be implemented to the degree possible to assign to different individuals the responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction.

Condition: Responsibility for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction is not assigned to separate individuals.

Cause: Job Squad, Inc. has limited staff to properly separate duties.

Effect: Because of the failure to segregate duties, internal control structure elements do not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by management in the normal course of performing assigned functions.

Recommendation: Responsibilities of approval, execution, recording and custody be distributed among individuals to the degree possible. We recommend that management and the board of directors provide oversight and independent review functions and to continue exercising due diligence and professional skepticism in relation to the Organization's financial operations.

Views of Responsible Officials and Planned Corrective Action: To the extent possible, the Organization has segregated its duties.

Status: This condition was reported in the prior year's audit as finding #2016-001.

#2017-002 Multiple Year End Adjustments

Criteria: Internal controls should be implemented to ensure that all financial transactions and adjustments are properly recorded in the Organization's financial records. This must be accomplished to enable the Organization to prepare complete and accurate financial statements on a monthly as well as annual basis.

Condition: Analysis of the financial records indicated a failure to record all financial transactions and adjustments during the fiscal year and at year end.

Cause: For the preparation of monthly and annual financial statements, internal controls required to ensure that all financial transactions and adjustments are recorded in the Organization's financial records have not been implemented.

JOB SQUAD, INC.
SCHEDULE OF FINDINGS AND RESPONSES (CONTD)
FOR THE YEAR ENDED JUNE 30, 2017

Effect: Because of the failure to implement the necessary internal controls, the Organization cannot reduce to a relatively low level, the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. As a result, multiple year end adjustments were proposed to management by the external auditor.

Recommendation: The Organization should implement the internal controls necessary to ensure that all financial transactions and adjustments are properly recorded in the Organization's financial records on a monthly and annual basis.

Views of Responsible Officials and Planned Corrective Action: We recognize the need to properly record all financial transactions and adjustments, and we understand the importance of internal controls in the preparation of financial statements on a monthly and annual basis. We will take the steps necessary to implement the internal controls needed to ensure that our financial records are complete and accurate for monthly and annual financial statements.

Status: This condition was reported in the prior year's audit as finding #2016-002.

#2017-003 Adequate Support Documentation – Credit Card Transactions

Criteria: Credit card transactions should be supported by adequate detailed documentation.

Condition: It was noted during our audit that on (7) seven out of (15) fifteen monthly credit card statements tested that the Organization did not have adequate supporting documentation for (17) seventeen disbursements totaling \$828.91 out of statement totals of \$32,540.93.

Cause: Support documentation not retained.

Effect: As a result of not requiring adequate support documentation for all payments made, these disbursements are not always documented and/or supported.

Recommendation: We recommend that the Organization take the necessary steps to ensure all disbursements made are adequately supported by invoices or other documentation/support.

Views of Responsible Officials and Planned Corrective Action: The Organization will require that all payments made be supported by invoices or some type of adequate documentation.