



JOB SQUAD, INC.

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

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements for the year ended June 30, 2019, Job Squad, Inc. adopted new accounting guidance ASU Number 2016-14, *Not-For Profit Entities (Topic 958): Presentation of Financial Statements for Not-for Profit Entities*. Our opinion is not modified with respect to this matter.

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 3, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Job Squad, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Job Squad, Inc.'s internal control over financial reporting and compliance.

Tetrick & Bartlett,
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Clarksburg, West Virginia
December 3, 2019

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

	ASSETS	2019	2018
Current Assets			
Cash		\$ 2,381,129	\$ 3,147,209
Investments		1,590,045	196,326
Accounts receivable		995,305	764,808
Grant receivable		4,846	40,667
Prepaid expenses		<u>23,610</u>	<u>14,250</u>
Total current assets		<u>4,994,935</u>	<u>4,163,260</u>
Other Assets			
Restricted cash for collateral on a compensating balance loan		25,995	25,943
Property and equipment (net)		<u>726,283</u>	<u>681,340</u>
Total other assets		<u>752,278</u>	<u>707,283</u>
TOTAL ASSETS		\$ <u>5,747,213</u>	\$ <u>4,870,543</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses		\$ 144,654	\$ 113,536
Accrued salaries and wages		137,164	127,437
Accrued vacation pay		151,829	135,323
Current portion – capital lease obligation		7,176	8,478
Deferred income liability – Xerox		<u>6,861</u>	<u>10,154</u>
Total current liabilities		<u>447,684</u>	<u>394,928</u>
Long-Term Liabilities			
Non-current portion of capital lease obligation		<u>7,590</u>	<u>14,059</u>
Total long-term liabilities		<u>7,590</u>	<u>14,059</u>
Total liabilities		455,274	408,987
Net Assets			
With donor restrictions		-0-	-0-
Without donor restrictions		<u>5,291,939</u>	<u>4,461,556</u>
Total net assets		<u>5,291,939</u>	<u>4,461,556</u>
TOTAL LIABILITIES AND NET ASSETS		\$ <u>5,747,213</u>	\$ <u>4,870,543</u>

See accompanying notes and independent auditor's report.

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

	2019	2018
Changes in Net Assets Without Donor Restrictions:		
Revenue		
Contract revenue	\$ 5,454,011	\$ 5,051,496
Revenue – Presort mailing	1,069,765	714,028
Grants	84,000	261,000
Interest	23,515	6,611
Investment income	18,933	5,922
Unrealized gain on investments	32,703	3,199
Other income	<u>444,299</u>	<u>434,324</u>
Total revenue without donor restrictions	<u>7,127,226</u>	<u>6,476,580</u>
Expenses		
Community Rehabilitation Program:		
Salaries and wages	2,949,678	2,615,130
Fringe benefits	1,099,277	1,030,662
Operating supplies	266,982	261,407
Postage – Presort mailing supplies	508,182	198,272
Contractual support and other fees	35,017	31,529
Travel	31,143	30,360
Uniforms	26,719	25,509
Depreciation	142,346	130,307
Interest	1,232	1,544
Insurance	32,717	37,993
Education and training	5,380	12,570
Occupancy, equipment rental and maintenance	169,116	168,284
Grounds maintenance	36,926	40,517
Dues and subscriptions	2,003	1,722
NISH fees	187,088	181,972
Telephone	37,005	25,906
Other operating expenses	6,639	8,019
Miscellaneous	<u>36,683</u>	<u>38,823</u>
Total community rehabilitation program	5,574,133	4,840,526

See accompanying notes and independent auditor's report.

JOB SQUAD, INC.
STATEMENTS OF ACTIVITIES (CONT'D)
FOR THE YEARS ENDED JUNE 30,

	2019	2018
Management and General:		
Salaries and wages	\$ 413,410	\$ 426,760
Fringe benefits	154,068	168,193
Contractual support and other fees	36,615	31,672
Sales and Use tax	4,840	3,377
Operating supplies	20,360	20,894
Travel	4,894	7,372
Depreciation	15,816	14,479
Insurance	3,635	4,221
Marketing, publications and postage	2,919	22,203
Education and training	6,133	6,714
Equipment rental and maintenance	2,383	3,469
Small furniture and fixtures	1,592	2,815
Dues and subscriptions	3,233	5,051
Telephone	5,655	5,520
Utilities	13,107	13,000
Miscellaneous	<u>31,697</u>	<u>37,898</u>
Total management and general	720,357	773,638
Loss (gain) on disposal of assets	<u>2,353</u>	<u>6,877</u>
Total expenses and (gains)/losses	<u>6,296,843</u>	<u>5,621,041</u>
Other Income/Expenses		
Settlement proceeds	<u>-0-</u>	<u>254,125</u>
Change in net assets without donor restrictions	830,383	1,109,664
Changes in Net Assets With Donor Restrictions:		
Change in net assets with donor restrictions	<u>-0-</u>	<u>-0-</u>
Change in net assets	830,383	1,109,664

JOB SQUAD, INC.
STATEMENTS OF ACTIVITIES (CONT'D)
FOR THE YEARS ENDED JUNE 30,

	2019	2018
Net Assets – Beginning of Year		
Without donor restrictions – restated	\$ 4,461,556	\$ 3,351,892
With donor restrictions	<u>-0-</u>	<u>-0-</u>
Total net assets beginning of year - restated	<u>4,461,556</u>	<u>3,351,892</u>
Net Assets – End of Year		
Without donor restrictions	5,291,939	4,461,556
With donor restrictions	<u>-0-</u>	<u>-0-</u>
Total net assets end of year	\$ <u>5,291,939</u>	\$ <u>4,461,556</u>

See accompanying notes and independent auditor's report.

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

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 830,383	\$ 1,109,664
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	158,162	144,786
Loss (gain) on disposal of assets	2,353	6,877
Unrealized loss (gain) on investments	(32,703)	(3,199)
(Increase) decrease in:		
Accounts receivable	(230,497)	(200,292)
Grant receivable	35,821	(20,334)
Prepaid expenses and deposits	(9,360)	-0-
Other asset – trust consent settlement receivable	-0-	-0-
Increase (decrease) in:		
Accounts payable and accrued expenses	31,118	11,312
Accrued salaries and wages	9,727	15,485
Accrued vacation pay	16,506	4,992
Deferred income liability – Xerox	(3,293)	(3,293)
Net cash provided by (used in) operating activities	<u>808,217</u>	<u>1,065,998</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(205,758)	(105,715)
Proceeds from sale of property and equipment	300	799
Net (purchases) proceeds of investments	<u>(1,361,016)</u>	<u>(3,423)</u>
Net cash provided by (used in) investing activities	<u>(1,566,474)</u>	<u>(108,339)</u>
Cash Flows from Financing Activities		
Proceeds from line of credit	-0-	-0-
Proceeds from capital lease	-0-	-0-
Payments on capital lease	(7,771)	(12,472)
Payments on long-term debt	-0-	-0-
Net cash provided by (used in) financing activities	<u>(7,771)</u>	<u>(12,472)</u>
Net increase (decrease) in cash	(766,028)	945,187
Cash at beginning of year	<u>3,173,152</u>	<u>2,227,965</u>
Cash at end of year	\$ <u>2,407,124</u>	\$ <u>3,173,152</u>
Supplementary Disclosures		
Cash Flow Information:		
Cash payments for interest	\$ <u>1,232</u>	\$ <u>1,544</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.

The financial statements are prepared in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2019, the Organization adopted the provisions of Accounting Standards Updated ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the Organization's liquidity, financial performance, and cash flows.

See independent auditor's report.

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

Furthermore, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Net assets from prior years have been restated to adopt this implementation.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

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 2017, 2018, and 2019 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.

See independent auditor's report.

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

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.

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, 2019, the Organization's insured actual cash balances totaled \$1,467,037 while the uninsured cash balances totaled \$914,092. At June 30, 2018, the Organization's insured actual cash balances totaled \$1,915,261, while the uninsured actual cash balances totaled \$1,032,607.

During the fiscal years ending June 30, 2019 and 2018, 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, 2019 and 2018, the Organization's insured actual cash balances totaled \$25,995 and \$221,854, 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.

See independent auditor's report.

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

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.

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, 2019 and 2018, include approximately \$4,939,020 and \$4,754,207 respectively, from two contracts with the Federal Bureau of Investigation (FBI). This represents nearly 76% and 83% for both June 30, 2019 and June 30, 2018, respectively, of total contractual revenues. Receivables from these major contracts as of June 30, 2019 and 2018 amount to approximately \$417,868 and \$409,288, respectively, which represents 42% and 54%, respectively, of the total accounts receivable.

See independent auditor's report.

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

3. Fair Value

Determination of Fair Value

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of under current market conditions.

Fair Value Hierarchy

The Organization groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market.

Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

See independent auditor's report.

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

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurements.

Fair value of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

For the year ended June 30, 2019

	<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	\$ 157,832	\$ 157,832	\$ -0-	\$ -0-
Mutual funds	<u>696,417</u>	<u>696,417</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>854,249</u>	\$ <u>854,249</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

For the year ended June 30, 2018

	<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	\$ 142,947	\$ 142,947	\$ -0-	\$ -0-
Mutual funds	<u>53,379</u>	<u>53,379</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>196,326</u>	\$ <u>196,326</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, 2019 and 2018.

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, 2019 and 2018 as follows:

For the year ended June 30, 2019

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Common stocks	\$ 106,873	\$ 157,832	\$ 50,959
Mutual funds	<u>682,360</u>	<u>696,417</u>	<u>14,057</u>
Total	\$ <u>789,233</u>	\$ <u>854,249</u>	\$ <u>65,016</u>

Investment return is summarized as follows:

Dividend income	\$ 22,086
Realized gain/(loss) on sale of stocks/mutual funds	(1,198)
Investment fee	<u>(1,955)</u>
Total unrestricted investment income	\$ <u>18,933</u>

For the year ended June 30, 2018

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Common stocks	\$ 108,247	\$ 142,947	\$ 34,700
Mutual funds	<u>55,768</u>	<u>53,379</u>	<u>(2,389)</u>
Total	\$ <u>164,015</u>	\$ <u>196,326</u>	\$ <u>32,311</u>

Investment return is summarized as follows:

Dividend income	\$ 7,135
Realized gain on sale of stocks/mutual funds	659
Investment fee	<u>(1,872)</u>
Total unrestricted investment income	\$ <u>5,922</u>

See independent auditor's report.

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

5. Other Investments/Certificates of Deposits

Certificates of deposit are recorded at cost. Gains and losses are recognized at the time of the withdrawal. All Certificates of Deposit are insured by the Federal Deposit Insurance Corporation up to the maximum limits allowed.

<u>Certificates of Deposit</u>	<u>Certificates of Deposit Interest Rates</u>	<u>Maturity</u>	<u>Amount</u>
Home Svgs Bk Youngstown	2.45%	8/15/2019	\$ 245,043
Wells Fargo Bk NA Sioux Falls	2.70%	12/9/2019	247,395
Compass Bk Birmingham Ala	2.50%	2/21/2020	<u>243,358</u>
Total certificates of deposit			\$ <u>735,796</u>

6. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amount not available include amounts set aside for collateral on the compensating balance loan program.

	2019	2018
Cash and cash equivalents and restricted cash	\$ 2,407,124	\$ 3,173,152
Accounts receivable	995,305	764,808
Grants receivable	4,846	40,667
Investments	<u>1,590,045</u>	<u>196,326</u>
Total financial assets	4,997,320	4,174,953
Contractual or donor-imposed restrictions and Board designations: Restricted cash for collateral on a compensating balance loan	(<u>25,995</u>)	(<u>25,943</u>)
Financial assets available to meet cash needs for expenditures within one year	\$ <u>4,971,325</u>	\$ <u>4,149,010</u>

See independent auditor's report.

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

7. Property and Equipment

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

	2019	2018
Building and improvements	\$ 329,638	\$ 326,447
Equipment and furniture	1,023,958	896,580
Land	29,000	29,000
Leasehold improvements	46,858	46,858
Vehicles	353,470	330,059
Other	<u>18,304</u>	<u>18,304</u>
Total	1,801,228	1,647,248
Less: Accumulated depreciation	<u>(1,074,945)</u>	<u>(965,908)</u>
Property and equipment (net)	\$ <u>726,283</u>	\$ <u>681,340</u>

8. Line of Credit

At June 30, 2019 and 2018 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, 2019 and the available line of credit is \$400,000 at June 30, 2018. 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, 2019 and 2018.

9. 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 (CONT'D)

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

	<u>For the Year Ended</u> <u>June 30, 2019</u>	<u>For the Year Ended</u> <u>June 30, 2018</u>
Equipment - copiers	\$ 34,307	\$ 65,878
Less: accumulated depreciation	<u>21,728</u>	<u>44,859</u>
Equipment - copiers (net)	\$ <u>12,579</u>	\$ <u>21,019</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, 2019:

<u>Year ended June 30,</u>	
2020	\$ 7,176
2021	7,176
2022	<u>1,017</u>
Total minimum lease payments	15,369
Less amount representing interest	<u>603</u>
Present value of minimum lease payments	\$ <u>14,766</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, 2019 and 2018, amounted to \$115,572 and \$126,695, respectively.

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, 2019, the total remaining operating lease payments under this agreement is as follows:

<u>Year ended June 30,</u>	
2020	\$ 87,000
2021	99,600
2022	99,600
2023	99,600
2024	99,600
2025	<u>99,600</u>
Total	\$ <u>585,000</u>

Additionally, all other remaining operating lease payments under these agreements are as follows:

<u>Year ended June 30,</u>	
2020	\$ 552
2021	552
2022	552
2023	552
2024	<u>322</u>
Total	\$ <u>2,530</u>

See independent auditor's report.

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

10. 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, 2019 and June 30, 2018 Job Squad, Inc., has pledged \$25,995 and \$25,943 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, 2019 and June 30, 2018.

11. 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, 2019 and 2018 amounted to \$4,583 and \$3,943, respectively.

12. Agreement with West Virginia University Research Corporation

A service agreement was made, effective date of June 1, 2012 and extending through March 31, 2020, 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 \$2,000 to \$24,000 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, 2019 and 2018 amounting to \$45,873 and \$50,296, respectively. As of April 1, 2019 thru March 31, 2020, 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)

13. 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, 2017 amounted to \$94,263 by the employees. In February 2018, there was a \$47,126 contribution made by the Organization for this period.

Contributions to the plan for the plan's year ending December 31, 2018 amounted to \$112,410 by the employees. In April 2019, there was a \$50,000 contribution made by the Organization for this period.

14. Other Employee Benefits – WVABLE

Job Squad, Inc. partnered with STABLE and WVABLE to provide a savings plan to eligible employees who would not be able to contribute into a 401(k).

WVABLE accounts are protected resource that do not count toward asset limits for the government benefits programs. Job Squad, Inc. will fund participating employee accounts with the initial deposit of \$50.00 and will make discretionary contributions one time a year.

Total employer contributions to individual employee WVABLE accounts for the fiscal year ending June 30, 2019 amounted to \$400.

15. 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.

16. Settlement Received

A Class Action Settlement Agreement reached in November 2016 between parties unrelated to Job Squad, Inc. named Job Squad, Inc. and other organizations as *cy pres* beneficiaries. These Organizations were identified based upon their charitable purpose which is consistent with the purposes of the underlying litigation. The distribution for Job Squad, Inc. was as follows:

- 12.5% of the Net Settlement Fund (\$254,125) to be distributed to Job Squad, Inc.

This amount was received by Job Squad, Inc. in April 2018.

17. Subsequent Events

The Job Squad, Inc. has evaluated subsequent events through December 3, 2019, 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, 2019

<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	07/01/17-06/30/18	\$ 244,000	\$ 40,667	\$ -0-
West Virginia Department of Health and Human Resources				
BHHF - Office of Programs and Policies	07/01/18-06/30/19	\$ 84,000	\$ 79,154	\$ 84,000

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, 2019, 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 3, 2019.

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 have not been identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses as items #2019-001 thru #2019-003 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 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*.

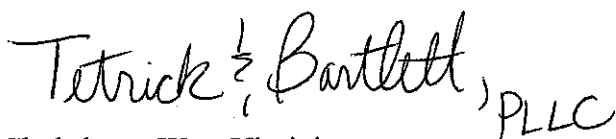
We noted certain other matters that we have reported to the management of Job Squad, Inc. in a separate letter dated December 3, 2019.

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 3, 2019

JOB SQUAD, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

#2019-001 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 #2018-001.

#2019-002 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 (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2019

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 utilizing Organization prepared reconciliations 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 necessary to ensure that our financial records are complete and accurate utilizing our prepared reconciliations for monthly and annual financial statements.

Status: This condition was reported in the prior year's audit as finding #2018-002.

#2019-003 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 (3) three out of (16) sixteen monthly credit card statements tested that the Organization did not have adequate supporting documentation for (7) seven disbursements totaling \$284 out of statement totals of \$38,163.

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.

Status: This condition was reported in the prior year's audit as finding #2018-003.