

Building Skills Partnership

Audited Financial Statements

May 31, 2015

Mitchell  Associates, APC

Certified

Public

Accountants

& Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Building Skills Partnership
Los Angeles, CA

We have audited the accompanying statements of financial position of Building Skills Partnership as of May 31, 2015, and the related statements of activities, functional expenses and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Building Skills Partnership as of May 31, 2015 and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in United States of America.

Mitchell & Associates, APC

Camarillo, California
November 29, 2015

Building Skills Partnership
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
May 31, 2015

ASSETS

Cash	\$ 505,102
Grants Receivable - Current - Note C	207,302
Prepaid Expenses	34,362
Property and Equipment, Net of Depreciation - Note B	4,752
Total Assets	<u><u>\$ 751,518</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts Payable and Accrued Expenses		\$ 107,303
Net Assets		
Unrestricted	185,275	
Temporarily Restricted - Note E	<u>458,940</u>	
Total Net Assets		<u>644,215</u>
Total Liabilities and Net Assets		<u><u>\$ 751,518</u></u>

Building Skills Partnership
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended May 31, 2015

Revenues

Government Grants	\$ 46,272
Individual Grants	2,649
Corporate Grants	81,299
Foundation Grants	707,945
Scholarship Income	55,455
In-Kind Contributions	496,990
Leadership Training & Education Fund	934,605
Other Income	<u>34,355</u>

Total Revenue \$ 2,359,570

Expenses

Program Services	1,513,239
Fund Raising	135,628
Management and General	<u>251,763</u>

Total Expenses 1,900,630

Changes in Net Assets 458,940

Net Assets - May 31, 2014 185,275

Net Assets - May 31, 2015 \$ 644,215

Building Skills Partnership
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended May 31, 2015

Cash Flows from Operating Activities:

Changes in Net Assets \$ 458,940

Adjustments to Reconcile Change in Net Assets to Net Cash:
Provided by Operating Activities:

Depreciation	3,212
(Increase) Decrease in Grants Receivable	262,361
(Increase) Decrease in Prepaid Expenses	5,600
Increase (Decrease) in Accounts Payable	14,853
In Kind Revenue	<u>(496,990)</u>

Net Cash Provided by Operating Activities: 247,976

Cash Flows from Investing Activities: -

Cash Flows from Financing Activities: -

Net Increase in Cash 247,976

Cash at May 31, 2014 257,126

Cash at May 31, 2015 \$ 505,102

Building Skills Partnership
(A California Nonprofit Public Benefit Corporation)
Notes to the Financial Statements
May 31, 2015

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: Building Skill Partnership (BSP), (A California 501(C) (3) Nonprofit Public Benefit Corporation) was formed to assist low-wage service workers and their families with the following assistance:

ADVANCE Workplace ESL & Job Skills: Close to 500 janitors and other immigrant workers graduate each year from an intensive, six-month ADVANCE program, blending Vocational English as a Second Language (VESL) curriculum with job skills instruction. Classes are held at over 50 large, corporate worksites on paid worktime, ensuring high attendance and graduation rates of over 80%. Janitors who graduate from the 50-100 hour intensive courses are often promoted to higher paid day cleaning, event service, building maintenance, clean room, and supervisory positions. At many sites, ADVANCE participants are also paired with volunteers from client corporations or universities for one-on-one English and computer tutoring, bridging enormous cultural divides.

Computer Literacy: In BSP's Computer Literacy courses, janitors and other low-wage workers learn the computer skills necessary to keep up with the technology of today. Classes are offered in three-month, 24-hour course blocks, and are taught by experienced teachers provided through a partnership with the local community colleges, adult schools and/or community based organizations. Training is offered in computer labs housed within its training centers in Los Angeles, Orange County, San Diego, Sacramento, San Jose, and Oakland

English as Second Language: The BSP's English as a Second Language (ESL) classes are offered at its training centers across California including Los Angeles, Orange County, San Diego, Sacramento, San Jose, and Oakland. This training is specifically tailored for immigrant workers employed as janitors and other low-wage service workers. Classes are offered in three-month blocks, with periods of 24-30 hours of instruction offered by experienced teachers. Classes use a learner-centered curriculum and blended learning for teaching survival and Vocational English to students of all levels, and tutors support instruction in this multi-level setting. Participants in these classes learn to navigate community resources and to communicate with doctors, their children's teachers, and in their broader communities. Through these ESL classes, the BSP is able to reach workers who do not have the ADVANCE English and job skills classes available at their worksites, though some who participate in ADVANCE choose to supplement their instruction by also attending these Union Hall ESL courses

Health and Wellness: With the support from many partners, BSP incorporates health education into every ADVANCE worksite English class and also offers a stand-alone health curriculum at worksites and union halls. BSP's curriculum includes thematic units, ranging from diabetes to stress management, that address the most pressing health concerns of their students. In addition, culturally competent guest speakers visit the classes on occasion to speak about access to health care, recommend preventative strategies, answer participants' questions, and make appropriate referrals. BSP also offers occupational safety information on an as needed basis. Participants can discuss and learn about potential health risks to workers such as exposure to chemicals and human pathogens, ergonomics and repetitive stress injuries, slips and falls.

Parent Education and Educational Access: Every summer, BSP conducts its Annual Parent University for immigrant working parents who are members of SEIU-USWW. The workshops are geared toward informing members on how they can become involved in their children's education with the goal of attaining higher education. The workshops cover basic information about the Los Angeles school system with topics as basic as how to read a child's report card to the class requirements for entering a 4-year college or university. In addition to this work BSP provides a parent engagement program to build a greater awareness from parents on the importance of being engaged in their children's school. Paired with BSP's parent engagement efforts, BSP provides college access information for the children of janitors pursuing a higher education.

Building Skills Partnership
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Notes to the Financial Statements
May 31, 2015

**NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (continued)**

As part of its parent engagement program, BSP hosts its first Parent-Leader to provide peer to peer information to other parents.

The goal of the month-long position was to develop the organizing, speaking and leadership skills of a member parent of SEIU-USWW so that s/he may create awareness of the importance of parents' involvement in their children's education. The parent member would organize and deliver workshops at various worksites across Los Angeles during members' lunch breaks and on two Saturdays in August where more complete information would be covered.

Citizenship: Since 2007, BSP has offered its largely immigrant worker participants a pathway to citizenship and active civic engagement in their communities. By partnering with local community colleges, adults schools, and other community based organizations, BSP is able to provide citizenship instruction to immigrant workers. In addition to delivering citizenship instruction, BSP hosts 'Citizenship Drives' and offers various services from immigration lawyers to naturalization experts who advised BSP participants and their eligible family members on becoming US citizens.

The intent of the programming is to help immigrants prepare and pass the naturalization exam. Additionally, students who have successfully passed the naturalization exam are given information to register to vote and become active civic participants

Customized Vocational Training: The unique labor-business relationship allows BSP to understand and tailor its programming for future workforce growth, as in the case for customized vocational training. By working closely with employer and industry leaders, BSP is able to directly meet the needs for a skillful workforce.

Literacy: Janitors and other low-wage service workers are given essential tools on how to effectively learn to read and write, which gives them the necessary skills and confidence to participate more fully and independently in society. This in turn, enables them to lift themselves and their families up into more promising lives for generations to come. These classes are offered to people who may not have had the opportunity to learn in their country of origin or since migrating to the United States, providing them a foundation for learning.

Green Janitor Education: In partnership with the U.S. Green Building Council-Los Angeles (USGBC-LA), the Building Owners and Managers Association of Greater Los Angeles (BOMA-GLA), and SEIU-USWW, BSP developed a Green Janitor Education Program. The program, through which janitors are certified, provides hands-on energy management and green cleaning training to address Operations and Maintenance practices that enable buildings to meet green performance standards, with special focus on resulting energy efficiency. The program addresses energy efficiency, recycling, waste management, water conservation and other sustainable and green cleaning practices.

Through this program, janitors are earning a seat at the sustainability table alongside building owners and managers, empowering them to actively participate in the goals of the LEED Rating System, with emphasis on energy efficiency and building health. LEED-certified existing buildings require green maintenance and operations practices. Prior to this Program, the janitors, who are at the forefront of building operations, didn't necessarily understand *why* certain sustainable procedures or materials were required, or the kind of impact they, as janitors, could have on energy reduction and water consumption—and ultimately, human health—through their work. The program is also an example of social equity where *everyone* participates in management and maintenance of a building.

Building Skills Partnership
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Notes to the Financial Statements
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Revenue Recognition: Grants are recognized when the grantor makes a promise to the Company that is, in substance, unconditional. Grants, which have donor restrictions expiring in the current year, are reported as increases in unrestricted net assets. All other donor-restricted grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Basis of Accounting: The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation: The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its *Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations."* Under SFAS No. 117, the Company is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The Company at present has no permanently restricted net assets.

Cash and Cash Equivalents: The Company considers all highly liquid investments with an original maturity of three months or less to be cash.

Accounts Payable and Accrued Expenses: Consists of amounts due for general expenses, wages, payroll taxes, and pension liabilities.

Property and Equipment: Fixed assets are recorded at cost. Major renewals and improvements are capitalized, while replacements, maintenance and repairs, which do not materially extend the useful lives of the assets, are expensed. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recorded.

Depreciation: Depreciation of property and equipment is determined using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 10 years for furniture and equipment.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Status: The Company is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code, and is not considered a private foundation.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment consist of:

Computers	\$	8,360
Less Accumulated Depreciation		1,672
Total		<u>6,688</u>

Building Skills Partnership
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Notes to the Financial Statements
May 31, 2015

NOTE C – GRANTS RECEIVABLE

Grants receivable represents balances of awarded grant which are as follows:

Employee Training Panel	\$	28,058
Cisco Systems, Inc.		25,000
Kellogg Foundation		32,848
Susan Harwood Foundation		26,250
Coalition for Humane Immigrant Rights of LA (USCIS)		50,000
United Way of Greater Los Angeles		45,145
Total		<hr/> 207,302
Less: Current Portion		<hr/> 207,302
Non-Current	\$	<hr/> <hr/> 0

Management feels that grants receivable are fully collectible, and therefore has not recorded an allowance for doubtful accounts.

NOTE D – CONCENTRATION OF CREDIT RISK

The Company maintains its cash accounts in one financial institution. At times during the year this account rises above the federally insured amount of \$250,000.

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent net assets of the Company whose use is limited by the program and purpose in which grant funding is received. The use of contributions and other inflows of assets to the Company are restricted based on the terms of each grant that has been awarded.

NOTE F – SERVICE AGREEMENTS

The Company currently holds service agreements with the Board of Trustees of the Leadership Training & Education Fund to provide quality programs to serve the educational needs of building service workers while also assisting building service contractors, building owners and the Property Services Division of the Service Employees International Union. For fiscal year ended May 31, 2015, \$934,605 has been received as part of service agreement with the Leadership Training & Education Fund.

NOTE G – PENSION PLAN

The Company contributes up to 18% of the employees' wages to a pension fund with SEIU Affiliates Officers and Employee Pension Fund up to December 31, 2014 and effective January 1, 2015 this was increased to 20%.

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NOTE H – GRANTS AND CONTRACTS

The Company currently receives funding and sponsorship from the Corporation for National and Community Service AmeriCorps Vista, Silicon Valley Community Foundation, United Way of Greater Los Angeles, Kellogg Foundation, Leadership Training & Education Fund, Employment Training Panel, James Irvine Foundation, and other entities.

NOTE I – IN-KIND CONTRIBUTIONS

Office space and other in-kind contributions were provided by the Corporation for National and Community Service, AmeriCorps Vista and from other Companies and individuals. In-kind contributions are received by the Company's offices in Los Angeles, Oakland, San Jose, Sacramento, San Diego and Orange County and consist of: the following:

Grad & Student Events	\$	2,785
Training Supplies		8,819
Small Equipment		7,070
Office Supplies		3,095
Training Contractors		51,412
Professional Services		292,450
Rent		131,359
Total	\$	<u>496,990</u>