

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

**CENTURY COMMUNITY TRAINING, INC.**

JUNE 30, 2008 AND 2007

Century Community Training, Inc.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Century Community Training, Inc.

We have audited the accompanying statements of financial position of Century Community Training, Inc. (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of Century Community Training, Inc. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Century Community Training, Inc. is dependent upon its affiliate, Century Housing Corporation, for continued financial support as is explained in Note 3 to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Century Community Training, Inc. as of June 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Sacramento, California  
September 22, 2008

Century Community Training, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash	\$ 72,660	\$ 14,524
Accounts receivable	53,380	7,151
Fixed assets, net	42,902	44,092
Prepaid expenses and other assets	<u>245</u>	<u>257</u>
Total assets	<u>\$ 169,187</u>	<u>\$ 66,024</u>

LIABILITIES AND NET ASSETS

Accounts payable and other liabilities	\$ 4,486	\$ 51,699
Due to affiliate	<u>817,301</u>	<u>817,301</u>
Total liabilities	<u>821,787</u>	<u>869,000</u>
Net assets - unrestricted	<u>(652,600)</u>	<u>(802,976)</u>
Total liabilities and net assets	<u>\$ 169,187</u>	<u>\$ 66,024</u>

See notes to financial statements

Century Community Training, Inc.

STATEMENTS OF ACTIVITIES

Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>REVENUE AND SUPPORT</b>		
Contributions	\$ 897,675	\$ 727,200
In-kind contributions	357,115	129,050
Grant income	101,807	301,467
Program income	59,225	35,182
Interest income	-	73
	<u>1,415,822</u>	<u>1,192,972</u>
<b>EXPENSES</b>		
Program service expenses	1,190,483	1,128,525
General and administrative expenses	<u>74,963</u>	<u>75,391</u>
	<u>1,265,446</u>	<u>1,203,916</u>
Changes in unrestricted net assets	150,376	(10,944)
Net assets unrestricted at beginning of year	<u>(802,976)</u>	<u>(792,032)</u>
Net assets unrestricted at end of year	<u>\$ (652,600)</u>	<u>\$ (802,976)</u>

See notes to financial statements

Century Community Training, Inc.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Changes in unrestricted net assets	\$ 150,376	\$ (10,944)
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities		
Depreciation	4,032	4,001
Noncash contribution	-	(5,000)
Changes in assets and liabilities		
Increase in accounts receivable	(46,229)	(1,419)
Decrease in prepaid expenses	12	12
(Decrease) increase in accounts payable	<u>(47,213)</u>	<u>19,335</u>
Net cash provided by operating activities	<u>60,978</u>	<u>5,985</u>
Cash flows used in investing activities		
Purchase of fixed assets	<u>(2,842)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,842)</u>	<u>-</u>
NET INCREASE IN CASH	58,136	5,985
Cash, beginning	<u>14,524</u>	<u>8,539</u>
Cash, ending	<u><u>\$ 72,660</u></u>	<u><u>\$ 14,524</u></u>

Supplemental disclosure of noncash investing activity

During the year ended June 30, 2007, additions to fixed assets included in-kind contributions in the amount of \$5,000.

See notes to financial statements

Century Community Training, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE 1 - ORGANIZATION

Century Community Training, Inc. (the Corporation) is a California nonprofit public benefit corporation which is an affiliate of Century Housing Corporation (Century), a California nonprofit public benefit corporation (see note 3). The Corporation was formed on December 13, 2001. The Corporation offers pre-apprenticeship building trade construction training and employment services to individuals in the greater Los Angeles area, including those transitioning from welfare, low-income jobs, incarceration, or unemployment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Corporation conforms to Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Corporation 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. As of June 30, 2008 and 2007, all the net assets of the Corporation are unrestricted. Furthermore, information is required to segregate program service expenses from management and general expenses. All program service expenses are management and general expenses.

The Corporation also conforms to SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In conformity with SFAS No. 116, contributions received, if any, are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Corporation reports temporarily restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

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 expenditures during the reporting period. Actual results could differ from those estimates.

Century Community Training, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008 and 2007

Accounts Receivable and Bad Debts

Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2008 and 2007, all of the Corporation's receivables were deemed collectible by management and accordingly, no allowance has been established.

Fixed Assets

Fixed assets are recorded at cost. The Corporation's capitalization policy is to capitalize cost incurred on individual items in excess of \$1,000. Depreciation is recorded using the straight-line method over the estimated useful lives as follows:

Office furniture and fixtures	5 - 7 years
Leasehold improvements	Over life of lease
Vehicle	5 years

Impairment of Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Corporation reviews its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No asset impairment losses have been recognized during 2008 and 2007.

Contributions

Contributions are recognized as revenue when an unconditional promise to give is received by the Corporation. All contributions and other types of revenue with restrictions, if any, imposed by donors, are recorded as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-Kind Contributions

In-kind contributions include donated services rendered in connection with the monitoring and supervision of the training programs of the Corporation and donation of equipment. The fair value is based on the fair market value at the time the services were performed. For the

Century Community Training, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008 and 2007

years ended June 30, 2008 and 2007, such contributions amounted to \$357,115 and \$129,050, respectively, and are included in the accompanying statements of activities.

Grant Income

Grants received from governments, agencies and others, which are conditioned upon the Corporation incurring certain qualifying costs or meeting other conditions, are recognized as revenue when the qualifying costs are incurred and the possibilities of not meeting the conditions are remote.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to program service expenses.

Income Taxes

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code (the Codes), except for unrelated business income, as defined in the Codes. Management believes all material activities of the Corporation are within the tax exempt guidelines of the Codes and accordingly, no provision for income taxes has been included in the accompanying financial statements.

NOTE 3 - TRANSACTIONS WITH RELATED PARTIES

Century

Century has provided to the Corporation, legal, administrative and office support during the years ended June 30, 2008 and 2007. In addition, during the years ended June 30, 2008 and 2007, Century has also made cash contributions to the Corporation in the amount of \$865,000 and \$725,000, and in-kind contributions of \$353,715 and \$124,050, respectively.

Due to Affiliate

Century had advanced funds to the Corporation in the amount of \$817,301 to cover operating and program service expenditures. The advances are noninterest bearing and the management of Century has no intention of requesting repayment of its advances to the

Century Community Training, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008 and 2007

Corporation before July 1, 2009. As of June 30, 2008 and 2007, \$817,301 remains due and is included in due to affiliate in the accompanying statements of financial position.

NOTE 4 - FIXED ASSETS

Fixed assets consist of the following as of June 30,:

	<u>2008</u>	<u>2007</u>
Leasehold improvements	\$ 41,326	\$ 41,326
Furniture and fixtures	25,995	27,821
Vehicle	<u>10,000</u>	<u>10,000</u>
	77,321	79,147
Less accumulated depreciation	<u>(34,419)</u>	<u>(35,055)</u>
Total	<u><u>\$ 42,902</u></u>	<u><u>\$ 44,092</u></u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$4,032 and \$4,001, respectively.

NOTE 5 - GRANT INCOME

The State of California Employment Training Panel (ETP) has awarded the Corporation grants to provide pre-apprenticeship training for up to 180 new-hire workers in the construction industry. The agreement, as amended, provides for funding up to \$890,780. During the years ended June 30, 2008 and 2007, the Corporation earned and received grant revenue of \$101,807 and \$301,467, respectively. As of June 30, 2008 and 2007, \$42,287 and \$0, respectively, are included in accounts receivable on the statement of financial position. As of June 30, 2008 and 2007, the Corporation has received grant revenue in the cumulative amount of \$492,647 and \$390,840, respectively.