

**ROCKY MOUNTAIN SER/  
JOBS FOR PROGRESS, INC.**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008**

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Finance Committee  
Rocky Mountain SER / Jobs for Progress, Inc.

We have audited the accompanying statement of financial position of Rocky Mountain SER / Jobs for Progress, Inc. (RMSER), (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended. These financial statements are the responsibility of RMSER's management. Our responsibility is to express an opinion on these financial statements based on our audit.

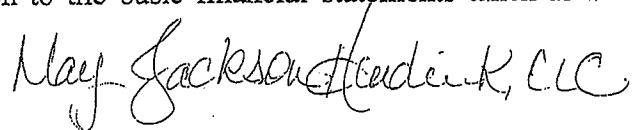
We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008 on our consideration of RMSER's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of RMSER taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Parker, Colorado  
December 23, 2008



**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.****STATEMENTS OF CASH FLOWS****FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	(Memo Only) 2007
<b>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</b>		
(Decrease)/Increase in net assets	\$ (2,396,587)	\$ 3,451,840
Adjustments to reconcile change in net cash from operating activities:		
Depreciation and amortization	1,077,783	806,172
Loss on sale of fixed assets	8,509	
Non cash contribution	-	(4,134,750)
Net (increase) decrease in assets:		
Grants receivable	9,858	296,665
Promises to give	963,129	111,009
Other receivables	55,448	(65,890)
Prepaid expenses	(49,357)	-
Net increase (decrease) in liabilities:		
Accounts payable	294,101	33,814
Accrued expenses	(36,076)	151,607
Deferred revenue	396,772	(44,205)
Net cash from operating activities	<u>323,580</u>	<u>606,262</u>
<b>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(211,904)	(527,210)
Proceeds from the sale of fixed assets	54,621	-
Net cash used for investing activities	<u>(157,283)</u>	<u>(527,210)</u>
<b>CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:</b>		
Principle payments on notes payable	(109,819)	(72,568)
Proceeds from line of credit	50,000	-
Principal payments on line of credit	(939)	-
Net cash used for financing activities	<u>(60,758)</u>	<u>(72,568)</u>
<b>NET INCREASE IN CASH</b>	105,539	6,484
<b>CASH, BEGINNING OF YEAR</b>	11,004	4,520
<b>CASH, END OF YEAR</b>	<u>\$ 116,543</u>	<u>\$ 11,004</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 224,997</u>	<u>\$ 255,133</u>
<b>NON-CASH TRANSACTIONS:</b>		
Contribution of property	<u>\$ -</u>	<u>\$ 3,360,000</u>
Purchase of property and equipment with loan proceeds	<u>\$ 6,116</u>	<u>\$ 93,600</u>
Refinancing of existing debt	<u>\$ 3,213,884</u>	<u>\$ -</u>

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.****STATEMENTS OF FINANCIAL POSITION****JUNE 30, 2008 AND 2007**

	2008	(Memo Only) 2007
<b>ASSETS:</b>		
Cash	\$ 116,543	\$ 11,004
Grants receivable	157,749	167,607
Promises to give	7,125,218	8,088,347
Employee advances	32,916	88,364
Prepaid expenses	76,595	27,238
	<u>7,509,021</u>	<u>8,382,560</u>
<b>PROPERTY AND EQUIPMENT, at cost:</b>		
Buildings	5,742,113	5,259,488
Leasehold improvements	2,924,094	2,763,603
Land	2,129,774	2,612,399
Furniture, fixtures and equipment	1,360,256	1,336,326
Vehicles	1,051,492	1,197,177
	<u>13,207,729</u>	<u>13,168,993</u>
Less accumulated depreciation	<u>5,192,313</u>	<u>4,202,683</u>
Net Property and Equipment	<u>8,015,416</u>	<u>8,966,310</u>
<b>OTHER ASSETS:</b>		
Loan costs, net of accumulated amortization	<u>28,004</u>	<u>-</u>
Total Other Assets	<u>28,004</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 15,552,441</u></u>	<u><u>\$ 17,348,870</u></u>

See accompanying Notes to Financial Statements.

	2008	(Memo Only) 2007
<b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable	\$ 831,402	\$ 537,297
Accrued expenses:		
Employee benefits	188,932	213,210
Payroll taxes	153,762	159,141
Interest	55,387	63,388
Wages	21,895	20,314
Deferred revenue	406,236	9,464
Line of credit	297,290	248,229
Notes payable, financial institutions	<u>123,039</u>	<u>2,473,053</u>
 Total Current Liabilities	 2,077,943	 3,724,096
 Notes payable, financial institutions, net of current portion	 <u>3,162,160</u>	 <u>915,849</u>
 Total Liabilities	 <u>5,240,103</u>	 <u>4,639,945</u>
 <b>NET ASSETS:</b>		
Unrestricted	2,645,020	3,991,674
Temporarily restricted	<u>7,667,318</u>	<u>8,717,251</u>
 Total Net Assets	 <u>10,312,338</u>	 <u>12,708,925</u>
 <b>Total Liabilities and Net Assets</b>	 <u>\$ 15,552,441</u>	 <u>\$ 17,348,870</u>

**ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.****STATEMENTS OF ACTIVITIES****FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT:</b>			
Grant revenues	\$ 61,208	\$ 16,343,613	\$ 16,404,821
Contributions	220,245	-	220,245
Program service fees	40,906	-	40,906
Gain (loss) on disposal of fixed assets	(8,509)	-	(8,509)
Net assets released from restrictions	<u>17,393,546</u>	<u>(17,393,546)</u>	<u>-</u>
 Total Revenues and Other Support	 <u>17,707,396</u>	 <u>(1,049,933)</u>	 <u>16,657,463</u>
 <b>PROGRAM SERVICES:</b>			
Vocational education and training	2,601,906	-	2,601,906
Children's education and family support	<u>13,493,239</u>	<u>-</u>	<u>13,493,239</u>
 Total Program Services	 <u>16,095,145</u>	 <u>-</u>	 <u>16,095,145</u>
 <b>SUPPORTING SERVICES:</b>			
Management and general	<u>2,958,905</u>	<u>-</u>	<u>2,958,905</u>
 Total Supporting Services	 <u>2,958,905</u>	 <u>-</u>	 <u>2,958,905</u>
 Total Expenses	 <u>19,054,050</u>	 <u>-</u>	 <u>19,054,050</u>
 <b>CHANGE IN NET ASSETS</b>	 (1,346,654)	 (1,049,933)	 (2,396,587)
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 <u>3,991,674</u>	 <u>8,717,251</u>	 <u>12,708,925</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 2,645,020</u>	 <u>\$ 7,667,318</u>	 <u>\$ 10,312,338</u>

See accompanying Notes to Financial Statements.

(Memo Only)  
2007

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT:</b>			
Grant revenues	\$ 44,959	\$ 18,462,676	\$ 18,507,635
Contributions	4,390,107	-	4,390,107
Program service fees	47,840	-	47,840
Gain (loss) on disposal of fixed assets	-	-	-
Net assets released from restrictions	<u>17,944,781</u>	<u>(17,944,781)</u>	<u>-</u>
Total Revenues and Other Support	<u>22,427,687</u>	<u>517,895</u>	<u>22,945,582</u>
<b>PROGRAM SERVICES:</b>			
Vocational education and training	2,801,784	-	2,801,784
Children's education and family support	<u>14,100,189</u>	<u>-</u>	<u>14,100,189</u>
Total Program Services	<u>16,901,973</u>	<u>-</u>	<u>16,901,973</u>
<b>SUPPORTING SERVICES:</b>			
Management and general	<u>2,591,769</u>	<u>-</u>	<u>2,591,769</u>
Total Supporting Services	<u>2,591,769</u>	<u>-</u>	<u>2,591,769</u>
Total Expenses	<u>19,493,742</u>	<u>-</u>	<u>19,493,742</u>
<b>CHANGE IN NET ASSETS</b>	2,933,945	517,895	3,451,840
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,057,729</u>	<u>8,199,356</u>	<u>9,257,085</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,991,674</u>	<u>\$ 8,717,251</u>	<u>\$ 12,708,925</u>



**ROCKY MOUNTAIN SER/JOB'S FOR PROGRESS, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007**

	2008				(Memo) 2007	
	PROGRAM SERVICES					
	Vocational Education and Training	Children's Education and Family Support	Total Program Services	Management and General	Total Expenses	Total Expenses
<b>Personnel Costs:</b>						
Salaries and wages	\$ 1,168,383	\$ 7,302,449	\$ 8,470,832	\$ 923,778	\$ 9,394,610	\$ 9,443,184
Payroll taxes and fringe benefits	379,114	2,279,701	2,658,815	216,831	2,875,646	2,766,120
Total Personnel Costs	1,547,497	9,582,150	11,129,647	1,140,609	12,270,256	12,209,304
<b>Direct Participant Costs:</b>						
Program supplies	16,086	1,124,220	1,140,306	-	1,140,306	1,210,574
Job training and tuition costs	568,328	-	568,328	-	568,328	648,047
Participant support	119,070	374,329	493,399	-	493,399	590,687
Total Direct Participant Costs	703,484	1,498,549	2,202,033	-	2,202,033	2,449,308
<b>Other Operating Expenses</b>						
Rent and utilities	118,317	777,586	895,903	35,495	931,398	1,206,415
Contract services	12,400	513,621	526,021	72,777	598,798	656,151
Depreciation and amortization	-	295,963	295,963	781,820	1,077,783	806,172
Audit, insurance and other services	39,758	196,712	236,470	299,210	535,680	457,948
Travel	65,359	63,715	129,074	59,664	188,738	272,104
Equipment rental and maintenance	33,257	157,750	191,007	39,849	230,856	197,970
Communications	33,385	124,584	157,969	41,469	199,438	214,739
Office supplies	26,547	72,554	99,101	30,959	130,060	153,099
Building repairs and maintenance	363	122,874	123,237	33,980	157,217	247,856
Other expenses	12,554	39,125	51,679	55,744	107,423	180,873
Vehicle costs	8,985	48,056	57,041	21,873	78,914	153,096
Total Other Operating Expenses	350,925	2,412,540	2,763,465	1,472,840	4,236,305	4,546,423
<b>Other Expenses</b>						
Interest, taxes and penalties	-	-	-	274,721	274,721	255,133
Board expenses	-	-	-	66,651	66,651	30,671
Contributions	-	-	-	4,084	4,084	2,903
Total Other Expenses	-	-	-	345,456	345,456	288,707
<b>Total Expenses</b>	<b>\$ 2,601,906</b>	<b>\$13,493,239</b>	<b>\$16,095,145</b>	<b>\$ 2,958,905</b>	<b>\$19,054,050</b>	<b>\$19,493,742</b>

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS**

Rocky Mountain SER/Jobs for Progress, Inc. is a Colorado nonprofit corporation established in 1980. The Organization's primary function is to serve individuals residing in Colorado who have physical, social, emotional or economic needs by aiding in the development of self-sufficiency and growth. The Organization also serves as a resource to other community organizations that are working with those people. A primary goal of the Organization is to address the fundamental service needs of people while not duplicating the efforts of other agencies. Primary funding for such services is provided through grants and contracts with the State of Colorado, Office of Rural Job Training, the U.S. Department of Labor, and the U.S. Department of Health and Human Services. Additional funding is provided through grants from state and local government agencies and private donations.

The Organization's major activities and programs are described below:

**Programs:**

**Vocational Education and Training:** Adult and youth vocational education and training includes all costs associated with classroom vocational training as well as on-site job training and all necessary support structure costs including, but not limited to, the following: basic education, GED preparation, English as a second language (ESL), emergency transportation, child-care, tools and work clothes financial assistance.

**Children's Education and Family Support:** Programs for childhood education, health, and safety. This program includes all costs associated with pre-school programs, children's health and safety programs and family support programs designed to maximize childhood education, health and safety.

**Supporting Services:**

**Management and General:** Direct and indirect costs associated with the management and administration of the organization.

**Basis of Accounting**

The Organization's financial statements are prepared on the accrual basis and accordingly reflect all significant receivables, payables and other liabilities.

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (Continued)**

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its SFAS No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Cash and cash equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Promises to Give**

Promises to give are recognized as revenue in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, 2007, all material promises to give were less than one year and classified as current.

**Property, Equipment and Depreciation**

The Organization records property and equipment at cost if purchased or fair value if contributed and charges depreciation over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives of assets range from three to thirty nine years.

The Organization's capitalization policy was established to be in conformity with federal requirements; these requirements dictate that all property and equipment purchased with federal funds in excess of \$5,000 be capitalized and depreciated. Purchases made with unrestricted funds in excess of \$1,000 are to be capitalized and depreciated.

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (Continued)**

**Restricted and Unrestricted Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

**In-Kind Donations**

**Facilities:** Donated facilities are recorded as contributions at their estimated fair values at the date of donation.

**Property and Equipment:** Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Services:** Volunteers assisting the Organization with specific assistance programs and various committee assignments all performed donated services; however, these services did not meet the requirements for recognition under SFAS No. 116. Therefore, the financials do not reflect donated services for the fiscal year ended June 30, 2008. Had donated services rendered met the requirements for recognition under SFAS No. 116 they would have been recorded at their estimated fair market value.

**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.

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (Continued)**

**Fair Values of Financial Instruments**

The Organization has a number of financial instruments, consisting primarily of cash, grants receivable, promises to give, trade payables, accruals, line of credit and notes payable. None of the financial instruments are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2008, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated value of the financial instruments was based upon the short-term nature of the financial instruments and the fact that the interest rate on the line of credit fluctuates with the prime interest rate.

**Functional Expense Allocation**

Whenever possible, the Organization charges expenses directly to the benefiting program or support service based upon reasonable and allocable bases, such as direct salaries and square footage. When this is difficult or impractical, costs are allocated to programs and support services based upon direct salaries or other appropriate direct cost bases.

**Income Taxes**

The Organization is exempt from federal and state income taxes under the applicable provisions of the Internal Revenue Code and the Colorado Income Tax Act of 1964 (as amended).

**NOTE 2      GRANTS RECEIVABLE**

Grants receivable represents monies due to the Organization for actual grant related expenditures incurred prior to June 30, 2008.

**NOTE 3      PROMISES TO GIVE**

Promises to give consist of grants awarded from various federal, state and local agencies as of June 30, 2008, less any amounts received through June 30, 2008. All amounts are due within one year.

**NOTE 4      PREPAID EXPENSES**

Prepaid expenses consist of advance payments made by the Organization as of June 30, 2008. With the passage of time, the advance payments will gradually expire and the expired portion will be expensed accordingly.

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment acquired with certain grant funds are recorded as unrestricted upon the purchase of the equipment. However, the Organization is subject to restrictions on sale or other disposition of the property as specified by the various grantor agencies. Also, should the grantor discontinue funding, all property acquired with the grant funds may be recovered by the grantor. A summary of property and equipment follows:

	Unrestricted Fixed Assets	Temporarily Restricted Fixed Assets	Total Fixed Assets
Buildings	\$ 5,263,051	\$ 479,062	\$5,742,113
Leasehold improvements	327,543	2,596,551	2,924,094
Land	2,067,375	62,399	2,129,774
Furniture, fixtures and equipment	125,640	1,234,616	1,360,256
Vehicles	198,300	853,192	1,051,492
Total property and equipment	7,981,909	5,225,820	13,207,729
Less accumulated depreciation	508,593	4,683,720	5,192,313
Net property and equipment	\$ 7,473,316	\$ 542,100	\$8,015,416

Depreciation expense for the fiscal year ended June 30, 2008 was \$1,074,671.

**NOTE 6 LOAN COSTS**

Closing costs of \$31,116 were incurred and paid with unrestricted funds to secure financing with JPMorgan Chase Bank, NA (NOTES 9 and 10). The closing costs are being amortized over the life of the loan of five years.

Amortization expense for the fiscal year ended June 30, 2008 was \$3,112.

**NOTE 7 DEFERRED REVENUE**

Deferred revenue represents excess cash on hand at June 30, 2008 drawn down from the Department of Health and Human Services for the Head Start program.

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 7      DEFERRED REVENUE (Continued)**

Cash on hand as of June 30, 2008 does not support deferred revenue due to the fact RMSER neglected to report certain qualified expenses incurred through June 30, 2008 which could have been used to offset/deplete deferred revenue.

Therefore, the Schedule of Findings and Questioned Costs on pages 22 - 23 addresses a Cash Management finding.

As a general rule, excess cash on hand/deferred revenue is required to be offset with allowable expenditures within 60 days of the draw down; if the excess cash is not used within the 60 days it must be returned to the funding source.

**NOTE 8      LINE OF CREDIT, BANK**

Line of credit to JPMorgan Chase Bank, NA due May 2009, bearing interest at a rate of 5.00% at June 30, 2008. The line of credit is collateralized by all the Organization's business assets.

\$      297,290

Interest expense on the line of credit was \$19,377.

**NOTE 9      NOTES PAYABLE, FINANCIAL INSTITUTIONS**

Note payable to JPMorgan Chase Bank, NA due January 1, 2013, interest rate of 4.55% at June 30, 2008 (NOTE 10). Principal and interest of \$18,105 due monthly. The note is collateralized by commercial real estate.

\$      3,196,913

Three note payables to GMAC each due December 2010, each bearing interest at a rate of 4.90% at June 30, 2008. Principal and interest of \$696 due monthly on two of the notes and \$666 due monthly on the third note. The notes are each collateralized by a vehicle.

46,791

Note payable to Ford Credit due July 2012, bearing interest at a rate of 0.00% at June 30, 2008. Principal and interest of \$417 due monthly. The note is collateralized by a vehicle.

17,902

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 9**      **NOTES PAYABLE, FINANCIAL INSTITUTIONS (Continued)**

Note payable to Landmark Financial Corporation due May 2009, bearing interest at a rate of 8.00% at June 30, 2008. Principal and interest of \$2,106 due monthly. The note is collateralized by a two school buses.

23,593

Total

\$ 3,285,199

Total interest expense for the fiscal year ended June 30, 2008 on the notes payable was \$205,620.

The following are the maturities of notes payable, financial institutions and line of credit, bank for the next five years and thereafter:

June 30, 2009	\$ 420,329
June 30, 2010	103,804
June 30, 2011	83,445
June 30, 2012	84,671
June 30, 2013	<u>2,890,240</u>
Total	<u>\$ 3,582,489</u>

**NOTE 10**      **NOTE PAYABLE, JPMORGAN CHASE BANK, NA**

The note payable, JPMorgan Chase Bank, NA (NOTE 9), is the result of the Colorado Housing and Finance Authority (CHFA) issuing a tax exempt obligation evidenced by an Issuer Note to JPMorgan Chase Bank, NA in the amount of \$3,220,000; the proceeds from the Issuer Note were used to make a loan to RMSER. At the completion of the financing, CHFA assigned all of its rights to JPMorgan Chase Bank, NA; therefore, the tax exempt obligation and note payable are non-recourse to CHFA.

**NOTE 11**      **RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets of \$7,667,318 consist of \$7,125,218 of promises to give for performance of program services in the subsequent year. In addition, the net book value of the temporarily restricted fixed assets of \$542,100 (NOTE 5) is included in temporarily restricted net assets.



**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 12**      **PRIOR PERIOD ADJUSTMENT**

During the fiscal year ended June 30, 2008, the Organization discovered an error with an accounting estimate in the period prior for accounts receivable and promises to give. Adjustments related to correcting this error decreased accounts receivable, promises to give and grant revenue by \$318,126.

In addition, during the fiscal year ended June 30, 2008, the Organization discovered an error with the valued assigned to the Pecos building and land donated in July 2006. Adjustments related to correcting the estimate increased fixed assets and contribution income by \$774,750. The Organization also corrected the associated depreciation expense and accumulated depreciation relating to the change in value; this correction increased depreciation expense and accumulated depreciation by \$76,840.

All prior period adjustments have been reflected in the June 30, 2007 comparative financial statements.

**NOTE 13**      **COMMITMENTS**

The Organization has obligations under operating lease agreements for vehicles, office/classroom space and equipment.

The following are the Organization's minimum future lease payments:

June 30, 2009	\$ 443,535
June 30, 2010	353,796
June 30, 2011	249,821
June 30, 2012	187,125
June 30, 2013	110,378
Total	<u>\$ 1,344,655</u>

**NOTE 14**      **EMPLOYEE BENEFIT PLAN**

The Organization has a qualified tax sheltered annuity plan for its employees established under Section 401(k) of the Internal Revenue Codes. All employees are eligible to participate in the plan on the first day of each month only after 1,000 hours of service has been performed within a twelve-consecutive-month period of time and the employee is at least 21 years old. Eligible employees can contribute an amount between 1% and 15% of compensation as defined by the Plan, limited by the requirements of the Internal Revenue Code. The Organization matching contributions are calculated at 3% of the employee's eligible compensation, then a 1/2% for each 1% contributed by the employee up to 5% for a maximum employer matching contribution of 4%.

**ROCKY MOUNTAIN SERVICES/JOB SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**NOTE 14 EMPLOYEE BENEFIT PLAN (Continued)**

The Organization contributed \$180,401 to the plan during the fiscal year ended June 30, 2008.

The Organization may, at its discretion, make a Profit Sharing contribution to the plan. The Profit Sharing contribution will be allocated in proportion to the sum of eligible compensation plus eligible compensation in excess of 80% of the Social Security Taxable Wage Base. The Organization made no Profit Sharing contributions in the fiscal year ended June 30, 2008.

Participants are fully vested in their individual contributions and the earnings thereon. Participants are also fully vested in their Organization matching contribution and the earnings thereon after three or more years of service.

**NOTE 15 ECONOMIC DEPENDENCY**

The Organization receives a substantial amount of its total revenues (directly and as pass-through contracts) from the U.S. Department of Health and Human Services and the U.S. Department of Labor. A significant reduction in the level of such support, if this were to occur, may have an adverse affect on the Organization's programs and activities.

**NOTE 16 CONCENTRATIONS OF CREDIT RISK**

As of June 30, 2008, a majority of grant related receivables are from two federal agencies (directly and as pass-through contracts); the U.S. Department of Health and Human Services and the U.S. Department of Labor.

SUPPLEMENTARY INFORMATION

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Federal Expenditures</b>
<b><u>U. S. DEPARTMENT OF LABOR</u></b>		
<b><u>Direct:</u></b>		
Migrant and Seasonal Farmworkers	17.264	\$ 959,898
<b>Total Direct Funding</b>		<u>959,898</u>
<b><u>Passed through Colorado Department of Labor and Employment:</u></b>		
WIA Adult Program	17.258	774,654
WIA Youth Activities	17.259	671,255
WIA Dislocated Workers	17.260	107,624
<b>Total WIA Cluster</b>		<u>1,553,533</u>
<b>Total Colorado Department of Labor and Employment</b>		<u>1,553,533</u>
<b><u>Passed through National SER:</u></b>		
WIA - Older Workers Act Title V (SCSEP)	17.235	291,389
<b>Total National SER</b>		<u>291,389</u>
<b>TOTAL U. S. DEPARTMENT OF LABOR</b>		<u>2,804,820</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>		
<b><u>Direct:</u></b>		
Headstart	93.600	14,051,340
<b>Total Direct Funding</b>		<u>14,051,340</u>
<b><u>Passed through Local Schools:</u></b>		
Trinidad Public Schools - Head Start	93.600	230,658
<b>Total Local Schools</b>		<u>230,658</u>
<b>TOTAL U.S. DEPART. OF HEALTH AND HUMAN SERVICES</b>		<u>14,281,998</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>		
<b><u>Passed through Colorado Dept. of Public Health &amp; Environment:</u></b>		
Child and Adult Care Food Program	10.558	825,381
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<u>825,381</u>
<b>TOTAL FEDERAL EXPENDITURES</b>		<u>\$ 17,912,199</u>

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 1      BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of RMSER and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basis financial statements.

**NOTE 2      DETAILS OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The following represents the details of the schedule of expenditures of federal awards as reported to the Federal Audit Clearinghouse on the Data Collection Form:

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF LABOR</u></b>		
<b><u>Direct:</u></b>		
MSFW (WIA Section 167)	17.264	\$ 959,898
<b>Total Direct Funding</b>		<b>959,898</b>
<b><u>Passed through Colorado Department of Labor and Employment:</u></b>		
WIA ADULT SC	17.258	466,476
WIA ADULT SE	17.258	308,178
WIA DW SC	17.260	14,301
WIA DW SE	17.260	36,976
ENH DW SC	17.260	46,557
ENH DW SE	17.260	9,791
WIA YTH SC 30%	17.259	109,692
WIA YTH SC 70%	17.259	265,595
WIA YTH SE 30%	17.259	75,361
WIA YTH SE 70%	17.259	145,963
WIA YOUTH PUEBLO 30%	17.259	40,340
WIA YOUTH PUEBLO 70%	17.259	34,303
<b>TOTAL COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT</b>		<b>1,553,533</b>

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 2**      **DETAILS OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(Continued)**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Federal Expenditures</b>
<b><u>Passed through National SER:</u></b>		
WIA - OLDER WORKERS Act Title V (SCSEP)	17.235	<u>291,389</u>
<b>Total National SER</b>		<u>291,389</u>
<b>TOTAL U. S. DEPARTMENT OF LABOR</b>		<u>2,804,820</u>
 <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>		
<b><u>Direct:</u></b>		
Head Start - Denver	93.600	5,219,232
Head Start - Southern Colorado	93.600	1,386,409
Head Start - Conejos/Costilla	93.600	1,491,823
Head Start - Grand Junction 01	93.600	2,633,060
Head Start - Pueblo County	93.600	<u>3,320,816</u>
<b>Total Direct Funding</b>		<u>14,051,340</u>
<b><u>Passed through Local Schools:</u></b>		
Trinidad Public Schools - Head Start	93.600	168,464
Huerfano School District RE-1	93.600	<u>62,194</u>
<b>Total Local Schools</b>		<u>230,658</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>14,281,998</u>
 <b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>		
<b><u>Passed through Colorado Dept. of Public Health &amp; Environment:</u></b>		
CACFP Denver	10.558	283,516
CACFP Grand Junction	10.558	149,605
CACFP Southern Colorado	10.558	113,947
CACFP Pueblo County	10.558	193,400
CACFP Conejos/Costilla	10.558	<u>84,913</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<u>825,381</u>
<b>TOTAL FEDERAL EXPENDITURES</b>		<u><u>\$ 17,912,199</u></u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors and Finance Committee  
Rocky Mountain SER/Jobs for Progress

We have audited the financial statements of Rocky Mountain SER/Jobs for Progress, Inc. (RMSER), (a nonprofit organization) as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered RMSER's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RMSER's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be significant deficiency in internal control over financial reporting. (Finding reference numbers 06-30-08-1).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rocky RMSER'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 06-30-08-2 and 06-30-08-3.

RMSER's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit RMSER's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Finance Committee, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*May Jackson Hendrick, LLC*  
*Certified Public Accountants*

Parker, Colorado  
December 23, 2008



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE**  
**WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM**  
**AND ON INTERNAL CONTROL OVER COMPLIANCE IN**  
**ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors and Finance Committee  
Rocky Mountain SER/Jobs for Progress

**Compliance**

We have audited the compliance of Rocky Mountain SER/Jobs for Progress, Inc. (RMSER) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008. RMSER's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of RMSER's management. Our responsibility is to express an opinion on RMSER's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RMSER's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of RMSER's compliance with those requirements.

In our opinion, RMSER complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 06-30-08-2 and 06-30-08-3.

## Internal Control Over Compliance

The management of RMSER is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered RMSER's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RMSER's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider a deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 06-30-07-1 significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

RMSER's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit RMSER's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Finance Committee, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*May Jackson Hendrick, LLC*  
*Certified Public Accountants*

Parker, Colorado  
December 23, 2008

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:

*Unqualified*

Internal control over financial reporting:

\* Material weaknesses identified? \_\_\_\_\_ yes  X  no

\* Significant deficiencies identified that are not considered to be material weaknesses?  X  yes \_\_\_\_\_ none reported

Noncompliance material to financial statements noted?  X  yes \_\_\_\_\_ no

**Federal Awards**

Internal control over major programs:

\* Material weaknesses identified? \_\_\_\_\_ yes  X  no

\* Significant deficiencies identified that are not considered to be material weaknesses?  X  yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs:

*Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  X  yes \_\_\_\_\_ no

Identification of major programs:

*93.600 Head Start*

*17.235 Senior Community Service Employment Program*

*17.264 Migrant and Seasonal Farmworkers*

Dollar threshold used to distinguish between Type A and Type B programs:

*\$ 537,366*

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Financial Statement Findings**

**Significant Deficiency**

**06-30-08-1 Cash Management**

*Condition and Criteria:* Excess funds were drawn down for the Head Start grant at June 30, 2008.

*Effect:* RMSER drew down excess funds from Head Start in order to meet qualifying cash flow needs as of June 30, 2008.

*Auditor's Recommendation:* Grant funds should be used only for qualified expenses incurred for that grant's intended purposes and needs.

*Grantee's Response:* RMSER agrees with the auditor's recommendation. However, it should be noted that the cash draw down was used for qualified expenses which are netted against the next draw down. Additionally, at the end of the Head Start grant period (December 31, 2008) the grant was not over drawn.

**Findings and Questioned Costs - Major Federal Award Programs Audit**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Head Start Program - CFDA No. 93.600

Questioned  
Costs

**06-30-08-2 Grant no. 08CH0120/11; Grant period - 1/1 - 12/31/08.**

*Condition and Criteria:* A RMSER procurement card was used by the Denver Head Start Director to purchase a trip out of the country without prior approval from the funding source. Additionally, the former Executive Director instructed the Denver Head Start Director to code the expense to the Head Start grant.

*Effect:* The expense is subject to disallowance due to the lack of prior approval; therefore, considered a questioned cost.

*Cause:* The Denver Head Start Director was not aware that out of the country travel expenses required prior approval from the funding source.

*Population and Items Tested:* A sample of 40 transactions were haphazardly selected from the Head Start general ledger detail. One transaction with questioned costs totally \$458 was found to be in noncompliance.

\$ 458

*Auditor's Recommendation:* The auditor recommends reviewing all policies and procedures with staff to insure proper understanding by the staff. Additionally, all procurement card statements should be reviewed, coded and approved by someone other than the individual initiating the transaction.

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Findings and Questioned Costs - Major Federal Award Programs Audit**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Head Start Program - CFDA No. 93.600

Questioned  
Costs

**06-30-08-2** Grant no. 08CH0120/11; Grant period - 1/1 - 12/31/08. (Continued)

*Grantee's Response:* Upon learning of the transaction the employee was questioned about the transaction, terminated and the employee's final paycheck reflects a deduction for the repayment of the trip out of the country. The employee's reimbursement was credited to the Head Start grant. Additionally, all procurement card statements are now reviewed, coded and approved by someone other than the employee initiating the transaction.

**06-30-08-3** Grant no. 08CH0120/11; Grant period - 1/1 - 12/31/08.

*Condition and Criteria:* Excess funds were drawn down for the Head Start grant at June 30, 2008.

*Effect:* RMSER drew down excess funds from Head Start in order to meet qualifying cash flow needs as of June 30, 2008.

*Cause:* A lack of cash flow for qualifying expenditures.

*Population and Items Tested:* RMSER's PCS 272 - Federal Cash Transaction Report and Operating Cash Bank Confirmation. The PCS 272 reported excess cash on hand at June 30, 2008 of \$401,747; however, cash on hand per the June 30, 2008 bank confirmation was \$111,472; resulting in a cash on hand deficit of \$290,275 and is deemed as a cash management finding.

290,275

*Auditor's Recommendation:* See recommendation under Financial Statement Findings.

*Grantee's Response:* See response under Financial Statement Findings.

Total - Department of Health and Human Services

\$ 290,733

Total

\$ 290,733

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**Financial Statement Findings**

**Significant Deficiency**

**06-30-07-1 Cash Disbursements**

*Condition:* This finding was a significant deficiency stating that checks were issued without proper supporting documentation and approval due to management override.

*Recommendation:* The auditor recommended that all employees should be reminded of the internal controls in place to insure the procedures are properly followed. In addition, employees should be reminded to maintain a level of professional skepticism to assist in identifying possible management override of internal controls.

*Current Status:* The recommendation was accepted by management. This transaction involved a management override by the former Executive Director and a Department of Health and Human Services representative.

**Findings and Questioned Costs - Major Federal Award Programs Audit**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Head Start Program - CFDA No. 93.600

**06-30-07-2 Grant no. 08CH137/04; Grant period - 1/1 - 12/31/07.**

*Condition:* Checks totalling \$8,600 were issued without proper supporting documentation and approval due to management override.

*Recommendation:* The auditor recommended that all employees should be reminded of the internal controls in place to insure the procedures are properly followed. In addition, employees should be reminded to maintain a level of professional skepticism to assist in identifying possible management override of internal controls.

*Current Status:* The Organization agrees with the finding and recommendation. Of the \$8,600 questioned costs, \$7,500 have been refunded as of the date of this report; the remaining \$1,100 has been credited to the grant and paid for with unrestricted corporate funds.