

Rocky Mountain SER/Jobs For Progress, Inc.
Financial Statements
For the Year Ended June 30, 2012

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Comiskey Professional Corporation
INDEPENDENT AUDITORS' REPORT & Company

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

We have audited the accompanying statement of financial position of Rocky Mountain SER/ Jobs for Progress, Inc. (a nonprofit organization) as of June 30, 2012 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 significant estimates made by management, as well as evaluating the overall financial statement 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 Rocky Mountain SER/ Jobs for Progress, Inc. as of June 30, 2012 and the change in its net assets and cash flows for the 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 February 4, 2013, on our consideration of Rocky Mountain SER/ Jobs for Progress, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Denver, Colorado
February 4, 2013

Comiskey & Company
PROFESSIONAL CORPORATION

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ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012 AND 2011

	2012	(Memo Only) 2011
ASSETS:		
Cash	\$ 226,276	358,602
Grants receivable	1,398,146	604,884
Other receivables	34,555	57,298
Work in process	-	51,697
Prepaid Expenses	77,065	-
Total Current Assets	<u>1,736,042</u>	<u>1,072,481</u>
PROPERTY AND EQUIPMENT, at cost:		
Non-depreciable assets:		
Land	2,192,173	2,192,173
Depreciable Assets:		
Buildings	5,514,199	5,514,199
Leasehold improvements	3,044,335	2,935,875
Furniture, fixtures and equipment	2,118,538	2,097,230
Vehicles	1,183,303	965,279
Total depreciable Assets	11,860,375	11,512,583
Less accumulated Depreciation	<u>(7,308,947)</u>	<u>(6,768,394)</u>
Net Property and Equipment	6,743,601	6,936,362
OTHER ASSETS:		
Due from RMCDC	101,577	100,000
Loan costs, net of accumulated amortization	3,111	9,335
Deposits	2,411	1,912
Total other assets	<u>107,099</u>	<u>111,247</u>
Total Assets	<u><u>\$ 8,586,742</u></u>	<u><u>\$ 8,120,090</u></u>
LIABILITIES AND NET ASSETS:		
Accounts payable	\$ 284,264	140,201
Accrued expenses:		
Employee benefits	887,730	628,675
Wages	9,569	-
Deferred revenue	184,334	35,650
Other payables	-	72,987
Notes payable - financial institutions	136,847	189,381
Total Current Liabilities	<u>1,502,744</u>	<u>1,066,894</u>
Notes payable - financial institutions, net of current	<u>2,898,160</u>	<u>2,976,974</u>
Total Liabilities	4,400,904	4,043,868
NET ASSETS:		
Unrestricted	3,339,617	2,980,236
Temporarily restricted	846,221	1,095,986
Total Net Assets	<u>4,185,838</u>	<u>4,076,222</u>
Total Liabilities and Net Assets	<u><u>\$ 8,586,742</u></u>	<u><u>\$ 8,120,090</u></u>

See accompanying Notes to Financial Statements

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

STATEMENTS OF ACTIVITIES

FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012			(Memo only) 2011
	Unrestricted	Temporarily Restricted	Total	Total
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES AND OTHER SUPPORT:				
Grant revenues	\$ 17,945,353	\$ 851,579	\$ 18,796,932	\$ 18,885,949
In-kind contributions	1,792,760	-	1,792,760	4,016,388
Contributions	66,813	21,029	87,842	227,411
Program service fees and income	685,249	-	685,249	634,951
Other income	112,425	-	112,425	-
Gain on disposal of fixed assets	7,340	-	7,340	-
Interest income	-	-	-	89
Special event revenue	34,944	-	34,944	-
Net assets released from restrictions	1,122,373	(1,122,373)	-	-
Total revenues and other support	21,767,257	(249,765)	21,517,492	23,764,788
PROGRAM SERVICES:				
Vocational education and training	1,300,718	-	1,300,718	1,780,120
Children's education and family support	18,137,088	-	18,137,088	18,968,180
Total program services	19,437,806	-	19,437,806	20,748,300
SUPPORTING SERVICES:				
Management and general	1,970,070	-	1,970,070	2,479,565
Total Supporting Services	1,970,070	-	1,970,070	2,479,565
Total Expenses	21,407,876	-	21,407,876	23,227,865
CHANGE IN NET ASSETS	359,381	(249,765)	109,616	536,923
NET ASSETS, BEGINNING OF YEAR	2,980,236	1,095,986	4,076,222	3,539,299
NET ASSETS, END OF YEAR	\$ 3,339,617	\$ 846,221	\$ 4,185,838	\$ 4,076,222

See accompanying Notes to Financial Statements

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

STATEMENTS OF ACTIVITIES FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012					(Memo Only) 2011
	Vocational Education and Training	Children's Education and Family Support	Total Program Services	Management and General	Total Expenses	Total Expenses
Personnel Costs:						
Salaries and wages	\$ 535,435	\$ 9,054,847	\$ 9,590,282	\$ 908,357	\$ 10,498,639	\$ 10,616,615
Contract employees	-	-	-	63,820	63,820	-
Payroll taxes and fringe benefits	150,210	2,891,698	3,041,908	242,209	3,284,117	2,272,903
Payroll services	3,178	37,962	41,140	26,235	67,375	46,946
Education and retention	-	104,780	104,780	42,136	146,916	571,797
Total Personnel Costs	688,823	12,089,287	12,778,110	1,282,757	14,060,867	13,508,261
Direct Participant Costs:						
Program supplies	25,406	1,110,646	1,136,052	20,793	1,156,845	1,288,944
Job training and tuition costs	235,367	-	235,367	-	235,367	399,084
Participant support	151,605	173,224	324,829	-	324,829	322,559
Total Direct Participant Costs	412,378	1,283,870	1,696,248	20,793	1,717,041	2,010,587
Other Operating Expenses:						
Rent and utilities	49,223	801,493	850,716	19,149	869,865	837,352
Professional contract services	-	151,832	151,832	67,489	219,321	315,567
Depreciation and amortization	-	467,503	467,503	114,635	582,138	587,040
Audit, insurance and other services	37,494	350,711	388,205	152,352	540,557	631,011
Travel	53,568	153,486	207,054	110,269	317,323	209,696
Equipment rental and maintenance	7,942	106,592	114,534	48,572	163,106	165,235
Communications	14,183	153,180	167,363	32,409	199,772	210,854
Office supplies	13,459	76,800	90,259	34,899	125,158	118,850
Building repairs and maintenance	617	296,581	297,198	17,728	314,926	602,463
Fundraising	-	89,201	89,201	18,334	107,535	-
Other expenses	20,383	32,710	53,093	50,002	103,095	222,375
Vehicle costs	2,648	40,698	43,346	32,782	76,128	41,693
Total Other Operating Expenses	199,517	2,720,787	2,920,304	698,620	3,618,924	3,942,136
Other Expenses:						
In-kind contribution	-	1,792,760	1,792,760	-	1,792,760	4,016,388
Interest, taxes and penalties	-	18,266	18,266	150,101	168,367	250,135
Board expenses	-	-	-	48,026	48,026	46,740
Capitlization of equipment purchases	-	227,362	227,362	(259,484)	(32,122)	(553,312)
Contributions	-	4,756	4,756	29,257	34,013	6,930
Total Other Expenses	-	2,043,144	2,043,144	(32,100)	2,011,044	3,766,881
Total Expenses	\$ 1,300,718	\$ 18,137,088	\$ 19,437,806	\$ 1,970,070	\$ 21,407,876	\$ 23,227,865

See accompanying Notes to Financial Statements

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	(Memo Only) 2011
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Change in net assets	\$ 109,616	\$ 536,923
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	582,138	582,497
Net (increase) decrease in assets:		
Grants receivable	(793,262)	62,350
Work in process	51,967	48,108
Other receivables	22,743	(57,298)
Prepaid expenses	(77,065)	95,942
Deposits	(499)	5,350
Net increase(decrease) in liabilities:		
Accounts payable	70,807	(214,446)
Accrued expenses	268,624	(78,082)
Unearned revenue	148,684	35,650
Net cash provided by operating activities	383,753	1,016,994
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES:		
Purchase of property and equipment	(324,831)	(576,276)
Due from RMCDC	(1,577)	(100,000)
Net cash (used for) investing activities	(326,408)	(676,276)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES:		
Principal payments on line of credit		(25,000)
Principal payments on notes payable	(189,671)	(188,907)
Net cash (used for) financing activities	(189,671)	(213,907)
NET INCREASE (DECREASE) IN CASH	(132,326)	126,811
CASH, BEGINNING OF YEAR	358,602	231,791
CASH, END OF YEAR	\$ 226,276	\$ 358,602
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 143,718	\$ 157,126
NON-CASH TRANSACTIONS:		
Purchase of vehicles with loan proceeds	\$ 58,323	\$ -

See accompanying Notes to Financial Statements

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS

Rocky Mountain SER/Jobs for Progress, Inc. ("RMSER", "the Organization") 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 including 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.

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Basis of Accounting:

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

Basis of Presentation:

The financial statements are presented in accordance with the requirements established under the Not-for-Profit Entities - Presentation of Financial Statements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under this Topic, 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. No permanently restricted assets were held during the fiscal year ended June 30, 2012 and accordingly these financial statements do not reflect any activity related to this class of net assets for the fiscal year ended June 30, 2012.

Cash and Cash equivalents

For purpose 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.

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 relating to depreciable asset classes of Furniture, fixtures, and equipment; Vehicles; Buildings; and Leasehold improvements.

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.

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.

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

In-Kind Donations

Facilities: Donated facilities are recorded as contribution at their estimated fair values at the date of donation. Donated facilities recorded at June 30, 2012 were \$499,866. The Organization reports all In-Kind facilities on a calendar year basis due to grant reporting requirements. Therefore the In-Kind donations were reported on the basis of calendar year 2011. The Organization believes this appropriate and consistent with prior years and the net effects on the financial statements are immaterial.

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 to programs and various committee assignments all performed donated services; these services meet the requirements for recognition under ASC 958. Therefore, the financial statements reflect donated services as in-kind contributions under both revenue and expenses for the fiscal year ended June 30, 2012. These services are used by Vocational Education and Training, Children's Education and Family Support. In-Kind Services totaling \$1,157,397 were recorded in the fiscal year ended June 30, 2012. These services include \$988,163 in Special Education and \$ 169,234 in Professional Services.

All donated services have been recorded at their estimated fair market value. The organization reports all In-Kind services on a calendar year basis due to grant reporting requirements. Therefore the In-Kind donations were reported on the basis of calendar year 2011. The organization believes this appropriate and consistent with prior years and the net effect on the financial statements is immaterial.

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

In-Kind Donations

Materials and Goods: Donations of materials and goods 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. Donated goods recorded as In Kind for the fiscal year end June 30, 2012 was \$135,497. Therefore the In-Kind donations were reported on the basis of calendar year 2011. The Organization believes this appropriate and consistent with prior years and the net effects on the financial statements are immaterial.

Head Start Required Local Match: Head Start annual grant agreements require the Organization to report a local match of 20% of total program awards per calendar year. The Organization presents the above mentioned In Kind donated facilities, services and goods as part of obtaining their match. In addition the Organization also reports local grants and contributions and non-professional volunteer services provided to them for the calendar year including \$558,413 of Community Partnerships, \$1,124,338 of Parent Volunteers, \$337,791 of Community Volunteers, and \$68,064 of Supplemental Grants. The total of all In Kind and non-federal funding support for the calendar year 2011 was \$3,881,367. The Organization met its local matching requirement with Head Start. In the prior year the Organization chose to report the full local match as part of the financial statement presentation as in kind. However, for financial reporting purposes, the current year in-kind services and expense includes only donated materials, services, and facilities.

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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. For significant estimates it is at least reasonably possible that the estimates will change within one year of the date of the financial statements due to one or more confirming events. Accordingly, actual results could differ from those estimates.

Fair Values of Financial Instruments

The Organization has a number of financial instruments, consisting primarily of cash, grants and other receivables, accounts and notes payable, accrued expenses, and the line of credit. None of the financial instruments are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2012 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 the Organization's indirect rate of 10.00%.

Income Taxes

The Organization is a 501(c) 3 entity and 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). The Organization did not report any unrelated business income tax as of June 30, 2012. Information returns for fiscal years prior to 2008 are no longer subject to audit by taxing authorities.

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable represents monies due to the Organization at June 30, 2012 and are recorded using the accrual basis of accounting. As of June 30, 2012 receivables consisted of \$1,432,701. Receivables include \$34,555 in accounts receivable; and \$1,398,146 in grants receivable.

It is the policy of the Organization to maintain a reserve for uncollectible accounts receivable. At the end of each fiscal year, the allowance for doubtful accounts is adjusted based on an analysis of outstanding aged accounts receivables; historical collection and bad debt experience; and evaluations of specific accounts based on discussions with the department that originated the sale resulting in the receivable.

It is the policy of the Organization to ensure that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated. Write-offs are initiated by the department associated with the amount to be written off, in conjunction with the accounting department. If an account receivable is deemed uncollectible, the appropriate approvals by upper management are required. As of June 30, 2012 no allowance was deemed necessary.

NOTE 3 PREPAID EXPENSES

Prepaid expenses consist of advance payments made by the Organization as of June 30, 2012. With the passage of time, the advance payments will gradually expire and the expired portion will be expensed accordingly.

NOTE 4 FUNDRAISING

The Organization participated in fundraising activities during the June 30, 2012 year end period. Total cost of all fund-raising activities was \$107,535.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment acquired with certain grant funds are recorded as temporarily restricted upon the purchase of the equipment. 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.

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 5 PROPERTY AND EQUIPMENT (Continued)

A summary of property and equipment follows:

	Unrestricted Fixed Assets	Temporarily Restricted Fixed Assets	Total Fixed Assets
Nondepreciable:			
Land	<u>\$ 2,129,774</u>	<u>\$ 62,399</u>	<u>\$ 2,192,173</u>
Total Nondepreciable:	2,129,774	62,399	2,192,173
Depreciable:			
Buildings	5,260,051	254,148	5,514,199
Leasehold Improvements	515,002	2,529,333	3,044,335
Furniture, fixtures and equipment	160,910	1,957,628	2,118,538
Vehicles	<u>609,218</u>	<u>574,085</u>	<u>1,183,303</u>
Total Depreciable:	6,545,181	5,315,194	11,860,375
Less accumulated depreciation	<u>(2,623,925)</u>	<u>(4,531,372)</u>	<u>(7,155,299)</u>
Total Net Depreciable	<u>3,921,256</u>	<u>783,822</u>	<u>4,705,078</u>
Total Property and Equipment	<u>\$ 6,051,029</u>	<u>\$ 846,221</u>	<u>\$ 6,897,251</u>

Depreciation expense for the fiscal year ended June 30, 2012 was \$422,265.

NOTE 6 LOAN COSTS

Closing costs of \$31,116 were incurred and paid with unrestricted funds to secure financing with JP Morgan Chase Bank, NA (NOTES 7 and 8). The closing costs are amortized over the life of the loan of five years.

Amortization expense for the fiscal year ended June 30, 2012 was \$6,223.

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 7 LINE OF CREDIT, BANK

The Organization had a line of credit from JPMorgan Chase Bank NA, up to \$250,000 which was issued on August 11, 2008 and originally due April 2012. The interest rate was equal to the LIBOR Rate plus 5.0%. The line of credit was increased to \$299,000 and extended through August 11, 2012, after which it was not renewed. There was no outstanding balance on the line of credit at June 30, 2012. The line of credit was collateralized by all the Organization's business assets.

Total interest incurred and charged to expense for the fiscal year ended June 30, 2012 on the line of credit, bank was \$0.

NOTE 8 NOTES PAYABLE, FINANCIAL INSTITUTIONS

**Outstanding Balance
as of June 30, 2012**

Original amount of Note Payable was \$3,220,000 issued on January 2, 2008

Note payable to JPMorgan Chase Bank, NA due January 1, 2013, interest rate of 4.55% at June 30, 2012 (NOTE 9). Loan was refinanced, currently due January 1, 2023 at a rate of 4.09%

Principal and interest of \$18,105 due monthly. The note is collateralized by all the Organization's business assets.

\$ 2,876,844

Original amount of Note Payable was \$42,770 issued on October 28, 2009.

Note payable to Ally Automotive Financing due November 2015, Interest at a rate of 9.99% at June 30, 2012. Principal and interest of \$795 due monthly. The note is collateralized by the vehicle that was financed by this note with a carrying value net of depreciation of \$26,961.

27,412

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Outstanding Balance
NOTE 8	<u>NOTES PAYABLE, FINANCIAL INSTITUTIONS (Continued)</u> as of June 30, 2012
Original amount of Note Payable was \$33,024 issued on June 8, 2010. Note payable to Ally Automotive Financing due June 2015, bearing interest at a rate of 0.00% at June 30, 2012. Principal and interest of \$550 due monthly. The note is collateralized by the vehicle that was financed by this note with a carrying value net of depreciation of \$21,108.	19,819
Original amount of Note Payable was \$33,200 issued on May 28, 2010. Note payable to Ally Automotive Financing due June 2015, bearing interest at a rate of 0.00% at June 30, 2012. Principal and interest of \$553 due monthly. The note is collateralized by the vehicle that was financed by this note with a carrying value net of depreciation of \$21,210.	19,922
Original amount of Note Payable was \$29,699 issued on November 20, 2009. Note payable to Ally Automotive Financing due December 2014, interest at a rate of 10.79% at June 30, 2012. Principal and interest of \$645 due monthly. The note is collateralized by the vehicle that was financed by this note with a carrying value net of depreciation of \$14,206.	16,895
Original amount of Note Payable was \$27,500 issued on January 9, 2010. Note payable to Ally Automotive Financing due January 2015, interest at a rate of 9.99% at June 30, 2012. Principal and interest of \$587 due monthly. The note is collateralized by the vehicle financed by this note with a carrying value net of depreciation of \$16,576.	15,788
Original amount of Note Payable was \$25,496 issued on May 25, 2012. Note payable to Ford Credit due June 2017, interest at a rate of 6.54% at June 30, 2012. Principal and interest of \$501 due monthly. The note is collateralized by the vehicle financed by this note with a carrying value net of depreciation of \$25,071.	25,498

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Outstanding Balance
NOTE 8	<u>as of June 30, 2012</u>
<u>NOTES PAYABLE, FINANCIAL INSTITUTIONS (Continued)</u>	
Original amount of Note Payable was \$32,827 issued on May 19, 2012	
Notes payable to Ford Credit due June 2017, bearing interest at a rate of 6.54% at June 30, 2012. Principal and interest of \$645 due monthly. The note is collateralized by a vehicle financed by this note with a carrying value net of depreciation of \$32,279.	<u>32,829</u>
Total	<u>\$ 3,035,007</u>

Total interest incurred and charged to expense for the fiscal year ended June 30, 2012 on the notes payable, financial institutions was \$143,718.

The interest effect for those notes payable with a 0% interest rate is considered immaterial to the financial statements.

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

June 30, 2013	\$136,847
June 30, 2014	141,344
June 30, 2015	141,079
June 30, 2016	120,292
June 30, 2017	120,742
Thereafter	<u>2,374,703</u>
Total	<u>\$ 3,035,007</u>

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 9 **NOTE PAYABLE, JPMORGAN CHASE BANK , NA**

The note payable, JPMorgan Chase Bank, NA (NOTE 8), 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 10 **RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets totaling \$846,221 consist of the net book value of temporarily restricted fixed assets of \$846,221 (NOTE 5). Unspent Child and Adult Care Food Program (CACFP) federal grant funds of \$182,859 as of June 30, 2012 were re-classified to deferred revenue on the statement of financial position.

NOTE 11 **COMMITMENTS**

The Organization has obligations under operating lease agreements for vehicles, office/classroom space and equipment. Rent incurred and charged to expense for the period of June 30, 2012 is \$649,009

The following are the Organization's minimum future lease payments under non-cancelable operating lease agreements:

June 30, 2013	\$ 361,831
June 30, 2014	241,147
June 30, 2015	113,839
June 30, 2016	99,837
June 30, 2017	<u>66,178</u>
Total	<u>\$ 882,832</u>

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 12 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's matching contributions are calculated at 3% of the employee's eligible compensation plus 1/2% for each additional 1% contributed by the employee up to 5% for a maximum employer matching contribution of 4%.

The Organization contributed \$122,493 to the plan during the fiscal year ended June 30, 2012.

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, 2012.

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.

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 13 CONTINGENCIES

Management is aware that significant funding sources are contingent on compliance with Federal and State and Local grants. If noncompliance were to occur, expenditure funding could be revoked. As of June 30, 2012 management believes there are no noncompliance issues.

NOTE 14 SELF FUNDED HEALTH INSURANCE

The Organization funds its own health insurance plan which is administered through a third party. All health insurance claims incurred by covered employees and their families (when applicable) are paid by the Organization. Claims paid reduce the Organization's health insurance liability which has been established throughout the years from:

- Funds withheld from employee's paychecks representing the employee paid portion and
- An accrued expense representing the Organization's portion of health insurance provided to the employees

The third party administrator determines the Organization's terminal liability which is pre-set cost for claims that protects the Organization from claims that are incurred after termination. The liability reflected within the financial statements, represents the Organization's total terminal liability. As of June 30, 2012 the estimated liability is \$107,109 and is included in Employee benefits payable on the Statements of Financial Position.

NOTE 15 REIMBURSABLE EMPLOYER LIABILITY/STATE UNEMPLOYMENT TAX ACCRUAL

Previous to 2010, the Organization paid state unemployment tax directly to the State of Colorado based on employee's gross wages and an unemployment rate established by the State. As a result, all unemployment claims by the Organization's former employees were paid by the State on behalf of the Organization. However, beginning in 2010, the Organization elected an alternative method (eligible only for non-profits and political subdivisions) referred to as the reimbursable employer method. This method allows for the Organization to reimburse the Department of Labor (DOL) for unemployment claims awarded to former employees after the claims have been awarded. For employers not using the reimbursable employer method, unemployment taxes are paid on the first \$10,000 in total Colorado gross taxable wages paid to each employee during each calendar year. Wages earned in a calendar year beyond the first \$10,000 are excess wages and are not taxed.

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 15 REIMBURSABLE EMPLOYER LIABILITY/STATE UNEMPLOYMENT TAX ACCRUAL

(Continued)

As a reimbursable employer, the Organization accrues a liability for unemployment benefits in the period in which the payroll giving rise to the benefits is earned. The amount accrued is based on management's estimate of the benefits the Organization will be required to pay, taking into consideration the effect of workforce seasonality on the expected duration of claimants' unemployment, up to a maximum amount of \$11,000 per employee. Actual claim reimbursements are billed to the Organization quarterly, and include detail of benefits paid by the State of Colorado to the Organization's former employees. The Organization's estimated liability for unpaid unemployment claims relating to services rendered through June 30, 2012 is \$700,000 and is included in Employee benefits payable on the Statements of Financial Position.

NOTE 16 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. Approximately 79% of total revenue is earned from this Department. 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 17 CONCENTRATIONS OF CREDIT RISK

As of June 30, 2012, a majority of grant related receivables are from two direct federal agencies; the U.S. Department of Health and Human Services and the Department of Labor. 79% of receivables are due from U.S. Department of Health and Human Services and 17% of total receivables are due from the Department of Labor.

Significant concentrations of credit risk exist arising from cash deposits in excess of federally insured limits. As of June 30, 2012 there were no cash deposits in excess of the Federal Deposit Insurance Corporation (FDIC). This is due the diversity of banks and the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act that provides unlimited insurance coverage of noninterest-bearing transaction accounts. This unlimited coverage began for periods ending December 31, 2010 through periods ending December 31, 2012. All noninterest bearing transaction accounts are fully insured regardless of the balance of the account at all FDIC-insured transactions.

The Organization does not currently have a deposit policy to address these credit risks.

ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 18 **RELATED PARTY TRANSACTIONS**

On June 29, 2011 the Organization paid the non-profit entity Rocky Mountain Community Development Corporation (RMCDC) \$100,000 originally establishing a receivable from RMCDC as of June 30, 2011. The nature of the payment is assistance in starting up the new entity which was formed to manage property and pursue community development projects. Certain directors of the Organization also sit on the Board of the RMCDC. As of June 30, 2012 the receivable balance from RMCDC is \$101,577. This balance includes the original \$100,000 non-interest bearing advance to RMCDC and \$1,577 in credit card purchases made by the Organization on behalf of RMCDC. The advance is payable over four years through monthly payments of \$2,083 beginning January 2013.

On August 13, 2012, RMCDC purchased real estate in Alamosa Colorado to be used by Rocky Mountain SER in conducting its Head Start activities in the area.

NOTE 19 **SUBSEQUENT EVENTS**

In October 2012 the employment contract for the Organization's Chief Executive Officer was terminated. In January 2013, the Organization appointed a new Chief Executive Officer.

The Organization received several material federal grants subsequent to year end which will be recognized as grant revenue in the June 30, 2013 year. The grants are a recurring source of funding for the Organization.

Management has evaluated the subsequent events for the period from June 30, 2012 through the issuance date of February 4, 2013 which is the date that the financial statements are available for issuance.

ROCKY MOUNTAIN/JOBS FOR PROGRESS, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U. S. DEPARTMENT OF LABOR</u>		
<u>Direct:</u>		
Migrant and Seasonal Farmworkers Formula	17.264	\$ 999,986
Total Direct Funding		999,986
<u>Passed through State of Colorado Department of Labor and Employment:</u>		
Total WIA Adult Program	17.258	180,296
Total WIA Dislocated Workers	17.260	48,606
Total WIA Youth Activities	17.259	83,386
Total WIA National Farmworker Jobs Program	17.264	69,938
Total WIA Cluster		382,226
Total Colorado Department of Labor & Employment		382,226
Total Pass-through Funding		382,226
TOTAL U. S. DEPARTMENT OF LABOR		1,382,212
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
<u>Direct:</u>		
Total Head Start	93.600	16,354,915
Total Direct Funding		16,354,915
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		16,354,915
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<u>Passed through Colorado Dept. of Public Health & Environment:</u>		
Child and Adult Care Food Program	10.558	942,710
TOTAL U.S. DEPARTMENT OF AGRICULTURE		942,710
TOTAL FEDERAL EXPENDITURES		\$ 18,679,837

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Rocky Mountain SER/ Jobs for Progress, Inc. under programs of federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Rocky Mountain SER/ Jobs for Progress, it is not intended to and does not present the financial position, changes in net assets or cash flows of Rocky Mountain SER/ Jobs for Progress.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Costs Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credit made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**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***

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

We have audited the financial statements of Rocky Mountain SER/ Jobs for Progress, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated February 4, 2013. 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

Management of Rocky Mountain SER/ Jobs for Progress is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered Rocky Mountain SER/ Jobs for Progress, Inc.'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 Rocky Mountain SER/ Jobs for Progress, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Rocky Mountain SER/ Jobs for Progress, Inc.'s internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rocky Mountain SER/ Jobs for Progress, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object for 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*.

Certified Public Accountants & Consultants

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We noted certain other matters that we reported to management of Rocky Mountain SER/ Jobs for Progress, Inc. in a separate letter dated February 4, 2013

This report is intended solely for the information and use of the Board of Directors, Finance Committee, management, others within the entity, 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.

Denver, Colorado
February 4, 2013

Conidance Company
PROFESSIONAL CORPORATION

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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, Inc.

Compliance

We have audited Rocky Mountain SER/ Jobs for Progress, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Rocky Mountain SER/ Jobs for Progress, Inc.'s major federal programs for the year ended June 30, 2012. Rocky Mountain SER/ Jobs for Progress, Inc.'s major federal programs are identified in the summary of auditors' 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 Rocky Mountain SER/ Jobs for Progress, Inc.'s management. Our responsibility is to express an opinion on Rocky Mountain SER/ Jobs for Progress, Inc.'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 Government, 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 Rocky Mountain SER/ Jobs for Progress, Inc.'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 Rocky Mountain SER/ Jobs for Progress, Inc.'s compliance with those requirements.

In our opinion, Rocky Mountain SER/ Jobs for Progress, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Rocky Mountain SER/ Jobs for Progress, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Rocky Mountain SER/ Jobs for Progress, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB A-133, 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 Rocky Mountain SER/ Jobs for Progress, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exist when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, Finance Committee, management, other within the entity, 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.

Denver, Colorado
February 4, 2013

Comidley & Company
PROFESSIONAL CORPORATION

Rocky Mountain SER/ Jobs for Progress, Inc.
SUMMARY OF AUDITORS' RESULTS
Year Ended June 30, 2012

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness identified? yes X no

Significant deficiencies identifies that are not
considered to be material weaknesses? yes X none reported

Noncompliance material to financial
statements noted?

 yes X 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? yes X no

Type of auditors' 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 OMB Circular A-133?

 yes X no

Identification of major programs:

93.600 Head Start

10.558 Child and Adult Care Food Program

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

\$562,770

Auditee qualified as low-risk auditee?

 X Yes no

Schedule of Prior Year Audit Findings:

Included

Rocky Mountain SER/ Jobs for Progress, Inc.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012

There were no prior year audit findings