

**Rocky Mountain SER/Jobs For Progress, Inc.**  
**Financial Statements**  
**For the Year Ended June 30, 2015**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Rocky Mountain SER/ Jobs for Progress, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain SER/ Jobs for Progress, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, 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, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rocky Mountain SER/Jobs For Progress, Inc.'s internal control over financial reporting or compliance.

Denver, Colorado  
March 28, 2016

**PROFESSIONAL CORPORATION**

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

## STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

	2015	(Memo Only) 2014
<b>ASSETS:</b>		
Cash	\$ 841,568	\$ 209,989
Grants receivable	558,388	711,458
Other receivables	-	9,206
Total Current Assets	<u>1,399,956</u>	<u>930,653</u>
<b>PROPERTY AND EQUIPMENT, at cost:</b>		
Non-depreciable assets:		
Land	2,281,799	2,281,799
Depreciable Assets:		
Buildings	5,872,704	5,872,704
Leasehold improvements	3,431,034	3,415,174
Furniture, fixtures and equipment	2,254,590	2,134,589
Vehicles	1,175,987	1,175,987
Total depreciable Assets	12,734,315	12,598,454
Less accumulated Depreciation	<u>(8,986,134)</u>	<u>(8,432,073)</u>
Net Property and Equipment	6,029,980	6,448,180
<b>OTHER ASSETS:</b>		
Deposits	1,500	10,369
Total other assets	<u>1,500</u>	<u>10,369</u>
<b>Total Assets</b>	<u><b>\$ 7,431,436</b></u>	<u><b>\$ 7,389,202</b></u>
<b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable	\$ 386,696	\$ 246,339
Accrued expenses:		
Employee benefits	165,408	54,490
Wages	185,652	212,033
Notes payable - financial institutions	125,448	136,650
Total Current Liabilities	863,204	649,512
Notes payable - financial institutions, net of current	<u>3,110,374</u>	<u>3,234,971</u>
Total Liabilities	3,973,578	3,884,483
<b>NET ASSETS:</b>		
Unrestricted	2,809,886	2,738,868
Temporarily restricted	647,972	765,851
Total Net Assets	<u>3,457,858</u>	<u>3,504,719</u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 7,431,436</b></u>	<u><b>\$ 7,389,202</b></u>

See accompanying Notes to Financial Statements

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

## STATEMENTS OF ACTIVITIES

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2015			(Memo only) 2014
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUES AND OTHER SUPPORT:</b>				
Grant revenues	\$ 19,265,775	\$ -	\$ 19,265,775	18,898,094
In-kind contributions	1,630,069	-	1,630,069	1,332,053
Contributions	13,925	-	13,925	29,454
Program service fees and income	860,418	1,000	861,418	702,369
Other income	486,393	-	486,393	73,785
Gain on disposal of fixed assets	300	-	300	-
Interest income	180	-	180	121
Net assets released from restrictions	<u>118,879</u>	<u>(118,879)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	22,375,939	(117,879)	22,258,060	21,035,876
<b>PROGRAM SERVICES:</b>				
Vocational education and training	928,493	-	928,493	899,120
Children's education and family support	<u>18,896,759</u>	<u>-</u>	<u>18,896,759</u>	<u>17,256,080</u>
Total program services	19,825,252	-	19,825,252	18,155,200
Management and general	<u>2,479,669</u>	<u>-</u>	<u>2,479,669</u>	<u>2,541,132</u>
Total Supporting Services	<u>2,479,669</u>	<u>-</u>	<u>2,479,669</u>	<u>2,541,132</u>
Total Expenses	<u>22,304,921</u>	<u>-</u>	<u>22,304,921</u>	<u>20,696,332</u>
CHANGE IN NET ASSETS	71,018	(117,879)	(46,861)	339,544
NET ASSETS, BEGINNING OF YEAR	<u>2,738,868</u>	<u>765,851</u>	<u>3,504,719</u>	<u>3,165,175</u>
NET ASSETS, END OF YEAR	<u>\$ 2,809,886</u>	<u>\$ 647,972</u>	<u>\$ 3,457,858</u>	<u>\$ 3,504,719</u>

See accompanying Notes to Financial Statements

## ROCKY MOUNTAIN SER/JOB FOR PROGRESS, INC.

### STATEMENTS OF FUNCTIONAL EXPENSES FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2015				(Memo Only) 2014	
	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	\$ 398,622	9,540,768	\$ 9,939,390	\$ 998,580	\$ 10,937,970	\$ 9,946,704
Contract employees	-	-	-	-	-	480
Payroll taxes	42,415	1,326,180	1,368,595	94,088	1,462,683	1,961,888
Employee Benefits	86,583	1,413,869	1,500,452	185,121	1,685,573	1,501,015
Payroll services	2,667	93,539	96,206	7,427	103,633	65,561
Education and retention	1,574	338,002	339,576	25,814	365,390	176,881
Total Personnel Costs	<u>531,861</u>	<u>12,712,358</u>	<u>13,244,219</u>	<u>1,311,030</u>	<u>14,555,249</u>	<u>13,652,529</u>
<b>Direct Participant Costs:</b>						
Program supplies	3,690	1,508,881	1,512,571	32,100	1,544,671	1,237,772
Job training and tuition costs	11,581	-	11,581	-	11,581	6,220
Participant support	229,711	146,298	376,009	-	376,009	368,224
Total Direct Participant Costs	<u>244,982</u>	<u>1,655,179</u>	<u>1,900,161</u>	<u>32,100</u>	<u>1,932,261</u>	<u>1,612,216</u>
<b>Other Operating Expenses:</b>						
Rent and utilities	43,031	917,784	960,815	17,083	977,898	1,000,189
Professional contract services	-	305,406	305,406	132,015	437,421	289,172
Depreciation and amortization	-	288,862	288,862	255,242	544,104	583,765
Audit, insurance and other services	17,291	352,010	369,301	140,210	509,511	642,268
Travel	42,871	102,201	145,072	75,535	220,607	182,869
Equipment rental and maintenance	4,375	114,326	118,701	27,730	146,431	156,440
Communications	20,729	208,785	229,514	49,537	279,051	251,199
Office supplies	8,672	79,177	87,849	48,510	136,359	138,011
Building repairs and maintenance	-	273,467	273,467	40,499	313,966	290,190
Fundraising	-	40,770	40,770	-	40,770	43,193
Other expenses	11,822	19,695	31,517	67,346	98,863	85,888
Vehicle costs	2,859	147,173	150,032	43,538	193,570	143,850
Total Other Operating Expenses	<u>151,650</u>	<u>2,849,656</u>	<u>3,001,306</u>	<u>897,245</u>	<u>3,898,551</u>	<u>3,807,034</u>
<b>Other Expenses:</b>						
In-kind contribution	-	1,630,069	1,630,069	-	1,630,069	1,332,053
Interest, taxes and penalties	-	49,671	49,671	179,357	229,028	271,919
Board expenses	-	-	-	52,937	52,937	18,698
Contributions	-	(174)	(174)	7,000	6,826	1,883
Total Other Expenses	<u>-</u>	<u>1,679,566</u>	<u>1,679,566</u>	<u>239,294</u>	<u>1,918,860</u>	<u>1,624,553</u>
<b>Total Expenses</b>	<u>\$ 928,493</u>	<u>\$ 18,896,759</u>	<u>\$ 19,825,252</u>	<u>\$ 2,479,669</u>	<u>\$ 22,304,921</u>	<u>\$ 20,696,332</u>

See accompanying Notes to Financial Statements

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>(Memo Only)</u> <u>2014</u>
<b>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (46,861)	\$ 339,544
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	544,104	583,765
Gain on disposal of fixed assets	(300)	-
Net (increase) decrease in assets:		
Grants receivable	153,070	527,792
Other receivables	9,206	(9,205)
Deposits	8,869	(6,188)
Net increase(decrease) in liabilities:		
Accounts payable	140,356	(802,141)
Accrued expenses	84,537	(443,180)
Unearned revenue	-	-
Net cash provided by operating activities	<u>892,981</u>	<u>190,387</u>
<b>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(135,861)	(12,912)
Proceeds from sales of assets	<u>10,256</u>	<u>-</u>
Net cash (used for) investing activities	(125,605)	(12,912)
<b>CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES:</b>		
Principal payments on notes payable	<u>(135,797)</u>	<u>(133,034)</u>
Net cash (used for) financing activities	(135,797)	(133,034)
<b>NET INCREASE IN CASH</b>	631,579	44,441
<b>CASH, BEGINNING OF YEAR</b>	<u>209,989</u>	<u>165,548</u>
<b>CASH, END OF YEAR</b>	<u>\$ 841,568</u>	<u>\$ 209,989</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 159,008</u>	<u>\$ 171,457</u>

See accompanying Notes to Financial Statements



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

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Rocky Mountain SER/Job for Progress, Inc. ("RMSER", "the Organization") is a Colorado nonprofit corporation established in 1980. RMSER'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. RMSER also serves as a resource to other community organizations that are working with those people. A primary goal of RMSER 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.

RMSER'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 RMSER.

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**Basis of Accounting:**

RMSER'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, RMSER 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 and accordingly these financial statements do not reflect any activity related to this class of net assets for the fiscal year ended June 30, 2015.

**Cash and Cash equivalents**

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

**Property, Equipment and Depreciation**

RMSER 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.

RMSER'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 \$5, 000 are 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, RMSER reports the support as unrestricted.

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**In-Kind Donations**

**Presentation:** In-Kind donations on the accompanying financial statements are reported on RMSER's fiscal year for the year ended June 30, 2015.

**Facilities:** Donated facilities are recorded as contribution at their estimated fair values at the date of donation. Donated facilities recorded at June 30, 2015 were \$584,645.

**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. RMSER reports expirations of donor restrictions over the useful lives of the assets as the donated or acquired assets are depreciated.

**Services:** Certain volunteers assisting RMSER with specific assistance to programs and various committee assignments performed donated services that meet the criteria for recognition under ASC 905 (services that create or enhance a nonfinancial asset or require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated.) Accordingly, the financial statements reflect donated services as in-kind contributions under both revenue and expense for the fiscal year ended June 30, 2015. In-Kind Services totaling \$436,119 were recorded in the fiscal year ended June 30, 2015. These services include \$101,634 in Special Education, \$152,745 in Professional Services and \$43,727 in Community Partnerships. Parent Volunteers and Community Volunteers contributed approximately 83,644 hours during the year. RMSER additionally received \$138,013 from various school districts and foundations.

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**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. RMSER reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. RMSER 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, 2015 was \$265,234.

**Head Start Required Local Match:** Head Start annual grant agreements require RMSER to report a local match of 20% of total program awards per calendar year. For this purpose, In Kind donated facilities, services and goods are included in this matching amount. In addition RMSER includes local grants and contributions and the value of non-professional volunteer services in their local match calculation. Certain of these volunteer services do not qualify for recognition in the financial statements under ASC 905.

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**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**

RMSER 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. RMSER estimates that the fair value of all financial instruments at June 30, 2015 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, RMSER 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 RMSER's indirect rate of 11.00%.

**Income Taxes**

RMSER 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). RMSER did not report any unrelated business income tax as of June 30, 2015. Information returns for fiscal years prior to 2012 are no longer subject to audit by taxing authorities.

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**NOTE 2**      **ACCOUNTS RECEIVABLE**

Accounts receivable represents amounts due to RMSER at June 30, 2015 and are recorded using the accrual basis of accounting. As of June 30, 2015 grants receivable totaled \$558,588.

It is the policy of RMSER 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 RMSER 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. No bad debt allowance was considered necessary for the year ended June 30, 2015.

**NOTE 3**      **PREPAID EXPENSES**

Prepaid expenses consist of advance payments made by RMSER as of June 30, 2015. With the passage of time, the advance payments will gradually expire and the expired portion will be expensed accordingly. As of June 30, 2015, there were no material amounts prepaid.

**NOTE 4**      **FUNDRAISING**

RMSER participates in fundraising activities. During the year ended June 30, 2015, total cost of all fund-raising activities was \$40,770.

**NOTE 5**      **PROPERTY AND EQUIPMENT**

Property and equipment acquired with various grant funds are recorded as temporarily restricted upon the purchase of the equipment. RMSER 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/JOB FOR PROGRESS, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**NOTE 5      PROPERTY AND EQUIPMENT (Continued)**

A summary of property and equipment follows:

	Unrestricted Fixed Assets	Temporarily Restricted Fixed Assets	Total Fixed Assets
<b>Nondepreciable:</b>			
Land	<u>\$ 2,219,400</u>	<u>\$ 62,399</u>	<u>\$ 2,281,799</u>
<b>Total Nondepreciable:</b>	<b>2,219,400</b>	<b>62,399</b>	<b>2,281,799</b>
<b>Depreciable:</b>			
Buildings	5,618,557	254,148	5,872,705
Leasehold Improvements	797,826	2,633,209	3,431,035
Furniture, fixtures and equipment	280,911	1,973,678	2,254,589
Vehicles	<u>517,650</u>	<u>658,336</u>	<u>1,175,986</u>
<b>Total Depreciable:</b>	<b>7,214,944</b>	<b>5,519,371</b>	<b>12,734,315</b>
Less accumulated depreciation	<u>(4,052,336)</u>	<u>(4,933,798)</u>	<u>(8,986,134)</u>
<b>Total Net Depreciable</b>	<b><u>3,162,608</u></b>	<b><u>585,573</u></b>	<b><u>3,748,181</u></b>
<b>Total Property and Equipment</b>	<b><u>\$ 5,382,008</u></b>	<b><u>\$ 647,972</u></b>	<b><u>\$ 6,029,980</u></b>

Depreciation expense for the fiscal year ended June 30, 2015 was \$544,104.

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	<b>Outstanding Balance</b>
<b>NOTE 6</b>	<b><u>as of June 30, 2014</u></b>
<b><u>NOTES PAYABLE, FINANCIAL INSTITUTIONS</u></b>	
Note payable to JPMorgan Chase Bank, NA due March 12, 2023, interest rate of 4.67% at June 30, 2015 Principal and interest of \$18,394 due monthly. The note is collateralized by commercial real estate.	\$ 2,641,380
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, 2015. 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 \$14,873.	11,202
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, 2015. 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 \$19,149.	14,423
Original amount of Note Payable was \$597,220 issued on August 16, 2012	
Notes payable to Citywide Banks due August 2037, bearing interest at a rate of 5.25% at June 30, 2015. Principal and interest of \$3,605 due monthly. The note is collateralized by the building with a carrying value net of depreciation of \$340,121 .	<u>568,824</u>
<b>Total</b>	<b><u>\$ 3,235,829</u></b>



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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**NOTE 6**      **NOTES PAYABLE, FINANCIAL INSTITUTIONS continued**

Total interest incurred and charged to expense for the fiscal year ended June 30, 2015 on the notes payable to financial institutions was \$159,008.

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, 2016	\$ 125,448
June 30, 2017	131,583
June 30, 2017	124,175
June 30, 2018	130,191
June 30, 2019	136,498
Thereafter	<u>2,587,934</u>
Total	<u>\$ 3,235,829</u>

**NOTE 7**      **NOTE PAYABLE, JPMORGAN CHASE BANK , NA**

The note payable, JPMorgan Chase Bank, NA (NOTE 7), 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 8**      **RESTRICTIONS ON NET ASSETS**

As of June 30, 2015, temporarily restricted net assets consist solely of the undepreciated net book value of fixed assets purchased with federal funds of \$647,972 (NOTE 5).

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**NOTE 9      COMMITMENTS**

RMSER has obligations under operating lease agreements for vehicles, office/classroom space and equipment. Rent incurred and charged to expense for the year ended June 30, 2015 totaled \$320,303.

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

June 30, 2016	\$ 214,700
June 30, 2017	93,680
June 30, 2018	11,012
June 30, 2019	911

**NOTE 10      EMPLOYEE BENEFIT PLAN**

RMSER 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. RMSER'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%.

RMSER contributed \$187,328 to the plan during the fiscal year ended June 30, 2015.

RMSER 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. RMSER made no Profit Sharing contributions in the fiscal year ended June 30, 2015.

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/JOB FOR PROGRESS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**NOTE 11**      **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, 2015 management believes there are no noncompliance issues.

See also Note 16.

**NOTE 12**      **SELF FUNDED HEALTH INSURANCE**

RMSEER 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 RMSEER. Claims paid reduce RMSEER'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 RMSEER's portion of health insurance provided to the employees

The third party administrator determines RMSEER's terminal liability which is pre-set cost for claims that protects RMSEER from claims that are incurred after termination. The liability reflected within the financial statements, represents RMSEER's total terminal liability. As of June 30, 2015, the estimated liability is \$102,997 and is included in Employee benefits payable on the Statements of Financial Position.

**NOTE 13**      **ECONOMIC DEPENDENCY**

RMSEER 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 75% 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 RMSEER's programs and activities.

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

## **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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### **NOTE 14      CONCENTRATIONS OF CREDIT RISK**

As of June 30, 2015, a majority of grant related receivables are from one direct federal agency; the U.S. Department of Health and Human Services. 91% of receivables are due from U.S. Department of Health and Human Services as of June 30, 2015

Significant concentrations of credit risk exist arising from cash deposits in excess of federally insured limits. As of June 30, 2015 there is \$619,480 of cash deposits in excess of the Federal Deposit Insurance Corporation (FDIC). RMSER does not currently have a deposit policy to address these credit risks.

### **NOTE 15      CONSOLIDATION OF Affiliated Entity**

Due to commonality of governance, RMSER is including Rocky Mountain Community Development Corporation's (RMCDC) assets, liabilities, revenues and expenditures in its financial statements for the year. RMCDC is a not-for-profit organization formed for the purpose of pursuing economic development opportunities in low income areas. RMCDC's activities for fiscal year June 30, 2015 include the ownership of real estate which is leased as a head start center to RMSER. Intercompany transactions have been eliminated.

### **NOTE 16      SUBSEQUENT EVENTS**

In November 2015, RMSER was issued a determination against them by the U.S. Department of Labor for failure to pay statutory overtime and failure to maintain accurate records during the two year period ending in March 2014 . RMSER paid \$225,209 for these violations. During December 2015 RMSER was issued a second determination against them by the DOL for being in violation of the child labor provisions of the FLSA. RMSER paid a civil penalty in the amount of \$6,000 for the second determination. As a result of the determinations against them, which totaled \$231,209 in the aggregate, the accompanying financial statements include an accrual for the full amount.

RMSER received material federal grants subsequent to year end which will be recognized as grant revenue in the June 30, 2015 year. The grants are a recurring source of funding for RMSER.

Except for the matter discussed in the previous paragraph, Management has evaluated the subsequent events for the period from June 30, 2015 through the issuance date of March 28, 2016 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, 2015

<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>Direct:</b>		
Migrant and Seasonal Farmworkers Grant	17.264	\$ 969,724
<b>Total Direct Funding</b>		<b>969,724</b>
<b>Passed through CDHDC</b>		
Migrant and Seasonal Farmworkers Grant	17.264	30,975
<b>Total Pass-through Funding</b>		<b>30,975</b>
<b>TOTAL U. S. DEPARTMENT OF LABOR</b>		<b>1,000,699</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>		
<b>Direct:</b>		
Total Head Start	93.600	17,206,031
<b>Total Direct Funding</b>		<b>17,206,031</b>
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>17,206,031</b>
<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	1,059,045
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b>1,059,045</b>
<b>TOTAL FEDERAL EXPENDITURES</b>		<b>\$ 19,265,775</b>

**ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**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, 2015. 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, if any, 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.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Rocky Mountain SER/ Jobs for Progress, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rocky Mountain SER/ Jobs for Progress, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rocky Mountain SER/ Jobs for Progress, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Rocky Mountain SER/ Jobs for Progress, Inc.'s internal control.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as finding number 2015-001 and 2015-002 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rocky Mountain SER/ Jobs for Progress, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Rocky Mountain SER/Jobs for Progress' Response to Findings**

Rocky Mountain SER/Jobs for Progress, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rocky Mountain SER/Jobs for Progress, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denver, Colorado  
March 28, 2016

**PROFESSIONAL CORPORATION**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

***Report on Compliance for Each Major Federal Program***

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, 2015. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Rocky Mountain SER/Jobs for Progress, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Rocky Mountain SER/Jobs for Progress, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Rocky Mountain SER/Jobs for Progress, Inc. complied, in all material respects, with the types of 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, 2015.

***Report on 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 the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rocky Mountain SER/Jobs for Progress, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular 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* exists 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2015-003 to be a material weaknesses.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

Rocky Mountain SER/ Jobs for Progress, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rocky Mountain SER/ Jobs for Progress, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Denver, Colorado  
March 28, 2016

**PROFESSIONAL CORPORATION**

**Rocky Mountain SER/ Jobs for Progress, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2015**

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**SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued:

***Unqualified***

Internal control over financial reporting:

Material weakness identified?                      X   yes           no

Significant deficiencies identifies that are not considered to be material weaknesses?                           yes      X   no

Noncompliance material to financial statements noted?

       yes      X   no

Two material deficiencies disclosed during the audit of the financial statements are reported in the Yellow Book report on Internal Control over Reporting and Compliance.

***Federal Awards***

Internal control over major programs:

Material weaknesses identified?                      X   yes           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?

  X   yes           no

Two material deficiencies disclosed during the audit of the financial statements are reported in the Yellow Book report on Internal Control over Reporting and Compliance.

***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:

**\$570,307**

Auditee qualified as low-risk auditee?

       yes      X   no

Schedule of Prior Year Audit Findings:

***Included***

**FINDINGS - FINANCIAL STATEMENT AUDIT  
2015-001 Account Reconciliations**

**Condition:** During the fiscal year ended June 30, 2015, Rocky Mountain SER/ Jobs for Progress, Inc. failed to correct several transactions which were improperly recorded in accounts payable. Further, the organization failed to adjust the accounting records to the monthly bank reconciliations for its operating account in a timely manner. Both of these failures resulted in the requirement for material adjustments to previously issued interim internal financial statements.

**Criteria:** Internal controls should be in place to provide reasonable assurance about the achievement of the Organization's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

**Context:** The timely reconciliation of financial statement balances to third party documentation and subsidiary detail is a necessary control to ensure that the amounts recorded in the financial statements are complete and accurate with no omissions or duplications. Accounting personnel reconciled the operating cash account but did not make the necessary adjustments to the accounting records. In addition, accounts payable errors were found and corrected during the annual audit.

**Effect:** Because cash and accounts payable were not adjusted on a timely basis during the fiscal year, interim reports used by management to ascertain operating results were inaccurate.

**Recommendation:** RMSER should ensure that accounting staff assigned to produce financial reports are adequately trained in generally accepted accounting principles as well as thoroughly familiar with the accounting system, reports and the scope and purpose of periodic reconciliations. Accounts such as cash and vendor payables should be reconciled as part of the monthly financial statement closing procedures, differences should be researched timely, and error corrections should be recorded in the accounting records. Employees assigned to perform account reconciliations and financial close adjustments should clearly understand the purpose, the extent of the employee's responsibility, and the specific tasks necessary to accomplish their objectives. An employee independent of the preparation of month end closing entries and reconciliations should review them for completeness and accuracy.

**Management's Response:** In 2013, RMSER converted its accounting system from Fundware to Financial Edge. For the first couple of years, RMSER continued to manually reconcile all bank accounts outside the system utilizing excel. This past fiscal year, RMSER converted from a manual reconciliation to utilizing the software to reconcile all cash accounts. During the conversion of reconciling within the software, RMSER had uncovered challenges within the system which prohibited the timely reconciliation of the cash accounts. RMSER contacted Blackbaud, the owner of Financial Edge, and had a consultant come on site to assist in working through the challenges that were identified.

In mid-year 2015, RMSER began the process of evaluating job descriptions in the Accounting Department. This was being done in conjunction with our Strategic Plan so as to analyze the skill

set(s) and corresponding duties needed by all staff within the Agency. RMSER is dedicated to continued improvements so as to mitigate exposures and improve processes.

**FINDINGS - FINANCIAL STATEMENT AUDIT**  
**2015-002 Financial statement presentation**

**Condition:** During the fiscal year ended June 30, 2015, Rocky Mountain SER/ Jobs for Progress, Inc. failed to record a material contingent liability, the amount of which was determined after year end.

**Criteria:** Internal controls should be in place to provide reasonable assurance that the financial statements are presented in accordance with generally accepted accounting principles.

**Context:** Generally accepted accounting principles require the assessment of contingent losses and recognition of losses that are probable of occurrence and for which the amount can reasonably be determined. Subsequent events discovered after year end but before the issuance of the financial statements should be recorded if the event relates to an earlier year.

**Effect:** Internal financial statements contained operating results that were inaccurate under generally accepted accounting principles.

**Recommendation:** RMSER should ensure that accounting staff assigned to produce financial reports are adequately trained in generally accepted accounting principles.

**Management's Response:** RMSER began a company-wide re-alignment in June of 2015. The first phase pertained to programmatic staffing needs. The second phase, will consist of the agency's departments, including the Finance Department. As part of the re-alignment, RMSER has evaluated the needs of the Finance Department at each of the existing levels and has identified gaps in the levels of staffing. These gaps identified consist of the need for more senior to management level accountants. RMSER is working on establishing duties and assignments at the appropriate levels and is in the process of hiring staff for these senior to management level accounting positions.

**FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**  
**2015-003 Account Reconciliations**

**Condition:** Rocky Mountain SER/ Jobs for Progress, Inc. failed to perform customary account reconciliations in a timely manner. See 2015-1 in Findings - Financial Statement Audit for a detailed description of the deficiency.

**Criteria:** Internal controls should be in place to provide reasonable assurance about the achievement of the Organization's objectives for controlling Allowable Costs and Cost Principles and Reporting as it relates to its major programs.

***Context:*** The periodic reconciliation of financial accounts helps to ensure that potential accounting errors, omissions or improper use of funds are discovered on a timely basis.

***Effect:*** A greater potential for reimbursement of unallowable costs or the misuse of available funds was present, although none was noted for the year ended June 30, 2015.

***Recommendation:*** See 2015-1 in Findings - Financial Statement Audit for recommended strengthening of controls.

***Management's Response:*** RMSER has mitigating controls which involve the scrutiny of all drawdowns by multiple individuals who are reviewing to ensure accuracy of all expenses as they relate to Allowable Costs and Cost Principles and reporting for major programs. RMSER will further provide an increase scrutiny of all reconciliations pertaining to all Balance Sheet accounts.

**Financial Statement Finding  
2015-001 Account Reconciliations**

*Management's Response:* In 2013, RMSER converted its accounting system from Fundware to Financial Edge. For the first couple of years, RMSER continued to manually reconcile all bank accounts outside the system utilizing excel. This past fiscal year, RMSER converted from a manual reconciliation to utilizing the software to reconcile all cash accounts. During the conversion of reconciling within the software, RMSER had uncovered challenges within the system which prohibited the timely reconciliation of the cash accounts. RMSER contacted Blackbaud, the owner of Financial Edge, and had a consultant come on site to assist in working through the challenges that were identified.

In mid-year 2015, RMSER began the process of evaluating job descriptions in the Accounting Department. This was being done in conjunction with our Strategic Plan so as to analyze the skill set(s) and corresponding duties needed by all staff within the Agency. RMSER is dedicated to continued improvements so as to mitigate exposures and improve processes.

**Financial Statement Finding  
2015-002 Financial statement presentation**

*Management's Response:* RMSER began a company-wide re-alignment in June of 2015. The first phase pertained to programmatic staffing needs. The second phase, will consist of the agency's departments, including the Finance Department. As part of the re-alignment, RMSER has evaluated the needs of the Finance Department at each of the existing levels and has identified gaps in the levels of staffing. These gaps identified consist of the need for more senior to management level accountants. RMSER is working on establishing duties and assignments at the appropriate levels and is in the process of hiring staff for these senior to management level accounting positions.

**Major Federal Award Programs Finding  
2015-003 Account Reconciliations**

*Management's Response:* RMSER has mitigating controls which involve the scrutiny of all drawdowns by multiple individuals who are reviewing to ensure accuracy of all expenses as they relate to Allowable Costs and Cost Principles and reporting for major programs. RMSER will further provide an increase scrutiny of all reconciliations pertaining to all Balance Sheet accounts.

**Rocky Mountain SER/ Jobs for Progress, Inc.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2015**

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Prior year findings 2014-1 and 2014-2 have been partially corrected. We found that the operating cash account had been reconciled in a timelier manner than the previous year. However, the necessary adjustments to the accounting records identified in the reconciliations were not recorded in the general ledger. We also found errors in the balance of accounts payable and other balance sheet accounts indicating that the proposed standard monthly closing procedures are not being performed.