ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.

TABLE OF CONTENTS

BAS PARTNERS
Certified Public Accountants

15800 Pines Blvd. Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
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 statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

Auditors' Responsibility

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

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

BAS PARTNERS
Certified Public Accountants

15800 Pines Blvd. Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2023 on our consideration of Rocky Mountain SER/ Jobs for Progress, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rocky Mountain SER/ Jobs for Progress, Inc.'s 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 and compliance.

BAS Partners LLC

Pembroke Pines, FL

February 23, 2023

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS:		
Cash and cash equivalents	$ 902,702	$ 33,841
Grants receivable	2,050,443	1,111,723
Other receivables	26,809	19,937
Note receivable	12,926	-
Prepaid expenses	-	38,431
Total Current Assets	2,992,880	1,203,932
Other assets	10,275	1,775
Property and equipment, net	5,852,629	6,007,270
Total Assets	**$ 8,855,784**	**$ 7,212,977**
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 570,308	$ 269,392
Accrued expenses	309,818	454,546
Note payable - current portion	149,579	146,496
Total Current Liabilities	1,029,705	870,434
Note payable - current portion	3,559,421	3,562,504
Total Liabilities	4,589,126	4,432,938
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS:		
Without donor restrictions	3,886,589	2,399,970
With donor restrictions	380,069	380,069
Total Net Assets	4,266,658	2,780,039
Total Liabilities and Net Assets	**$ 8,855,784**	**$ 7,212,977**

The accompanying notes are an integral part of these financial statements.

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Grant revenues	$ 19,763,966	$ -	$ 19,763,966
In-kind contributions	3,538,644	-	3,538,644
Contributions	1,120	-	1,120
Program service fees and income	968,510	298,224	1,266,734
Other income	1,950	-	1,950
Interest income	109	-	109
Gain (Loss) on disposal of fixed asset	19,486		19,486
Net assets released from restrictions	298,224	(298,224)	-
Total revenues and support	24,592,009	-	24,592,009
PROGRAM SERVICES:			
Vocational education and training	941,554	-	941,554
Children's education and family support	19,501,661		19,501,661
Total program services	20,443,215	-	20,443,215
General and administrative	2,662,175	-	2,662,175
Total Expenses	23,105,390	-	23,105,390
CHANGE IN NET ASSETS	1,486,619	-	1,486,619
NET ASSETS, BEGINNING OF YEAR	2,399,970	380,069	2,780,039
NET ASSETS, END OF YEAR	$ 3,886,589	$ 380,069	$ 4,266,658

The accompanying notes are an integral part of these financial statements.

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Grant revenues	$ 18,163,192	$ -	$ 18,163,192
In-kind contributions	3,096,583	-	3,096,583
Contributions	5,829	-	5,829
Program service fees and income	640,378	50,000	690,378
Other income	49,384	-	49,384
Interest income	58	-	58
Gain (Loss) on disposal of fixed asset	(28,906)		(28,906)
Net assets released from restrictions	167,565	(167,565)	-
Total revenues and support	22,094,083	(117,565)	21,976,518
PROGRAM SERVICES:			
Vocational education and training	980,814	-	980,814
Children's education and family support	19,413,769		19,413,769
Total program services	20,394,583	-	20,394,583
General and administrative	2,423,594	-	2,423,594
Total Expenses	22,818,177	-	22,818,177
CHANGE IN NET ASSETS	(724,094)	(117,565)	(841,659)
NET ASSETS, BEGINNING OF YEAR	3,124,064	497,634	3,621,698
NET ASSETS, END OF YEAR	$ 2,399,970	$ 380,069	$ 2,780,039

The accompanying notes are an integral part of these financial statements.

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	2018				
	Vocational Education and Training	**Children's Education and Family Support**	**Total Program Services**	**General and Administrative**	**Totals**
Personnel Costs:					
Salaries	$ 347,075	$ 7,858,517	$ 8,205,592	$ 1,157,777	$ 9,363,369
Payroll taxes	24,251	583,039	607,290	83,770	691,060
Employee benefits	108,418	1,797,463	1,905,881	269,797	2,175,678
Payroll service	2,488	121,906	124,394	7,481	131,875
Education and retention	1,572	193,687	195,259	104,571	299,830
		15,000	15,000	-	15,000
Total Personnel Costs	483,804	10,569,612	11,053,416	1,623,396	12,676,812
Direct Participant Costs:					
Program supplies	18,449	1,398,461	1,416,910	6,811	1,423,721
Job training and tuition costs	37,445	-	37,445	-	37,445
Participant support	258,343	73,049	331,392	-	331,392
Total Direct Participant Costs	314,237	1,471,510	1,785,747	6,811	1,792,558
Other Operating Expenses:					
Rent and utilities	41,960	784,689	826,649	10,789	837,438
Professional contract services	2,944	830,773	833,717	298,304	1,132,021
Depreciation and amortization	-	374,453	374,453	102,027	476,480
Audit, insurance and other services	6,346	350,705	357,051	50,720	407,771
Travel	27,513	107,909	135,422	90,329	225,751
Equipment rental and maintenance	9,119	189,556	198,675	28,607	227,282
Communications	15,835	320,485	336,320	22,605	358,925
Office supplies	8,247	38,941	47,188	45,555	92,743
Building repairs and maintenance	-	692,361	692,361	34,291	726,652
Fundraising	-	27,471	27,471	5,125	32,596
Other expenses	20,596	9,953	30,549	43,300	73,849
Vehicle costs	10,953	187,987	198,940	61,861	260,801
Total Other Operating Expenses	143,513	3,915,283	4,058,796	793,513	4,852,309
Other Expenses:					
In-kind contribution	-	3,538,644	3,538,644	-	3,538,644
Interest, taxes and penalties	-	6,612	6,612	196,276	202,888
Board expenses	-	-	-	42,179	42,179
Total Other Expenses	-	3,545,256	3,545,256	238,455	3,783,711
Total Expenses	$ 941,554	$ 19,501,661	$ 20,443,215	$ 2,662,175	$ 23,105,390

The accompanying notes are an integral part of these financial statements.

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	2017				
	Vocational Education and Training	Children's Education and Family Support	Total Program Services	General and Administrative	Totals
Personnel Costs:					
Salaries	$ 330,631	$ 8,879,824	$ 9,210,455	$ 1,063,782	$ 10,274,237
Payroll taxes	23,716	657,233	680,949	77,470	758,419
Employee benefits	79,694	1,913,099	1,992,793	240,406	2,233,199
Payroll service	3,118	142,058	145,176	7,066	152,242
Education and retention	4,811	655,097	659,908	68,393	728,301
Total Personnel Costs	441,970	12,247,311	12,689,281	1,457,117	14,146,398
Direct Participant Costs:					
Program supplies	26,395	1,013,017	1,039,412	9,934	1,049,346
Job training and tuition costs	6,800	-	6,800	-	6,800
Participant support	334,277	148,043	482,320	-	482,320
Total Direct Participant Costs	367,472	1,161,060	1,528,532	9,934	1,538,466
Other Operating Expenses:					
Rent and utilities	32,793	835,996	868,789	16,362	885,151
Professional contract services	21,925	125,940	147,865	194,940	342,805
Depreciation and amortization	-	384,578	384,578	151,846	536,424
Audit, insurance and other services	15,054	406,108	421,162	43,126	464,288
Travel	37,542	116,642	154,184	66,167	220,351
Equipment rental and maintenance	6,207	181,193	187,400	26,027	213,427
Communications	14,861	284,220	299,081	29,736	328,817
Office supplies	8,630	32,227	40,857	30,065	70,922
Building repairs and maintenance	20	367,485	367,505	33,118	400,623
Fundraising	513	3,391	3,904	7,029	10,933
Other expenses	18,233	30,363	48,596	86,371	134,967
Vehicle costs	15,555	129,173	144,728	49,470	194,198
Total Other Operating Expenses	171,333	2,897,316	3,068,649	734,257	3,802,906
Other Expenses:					
In-kind contribution	-	3,096,583	3,096,583	-	3,096,583
Interest, taxes and penalties	39	11,499	11,538	188,483	200,021
Board expenses	-	-	-	33,803	33,803
Total Other Expenses	39	3,108,082	3,108,121	222,286	3,330,407
Total Expenses	$ 980,814	$ 19,413,769	$ 20,394,583	$ 2,423,594	$ 22,818,177

The accompanying notes are an integral part of these financial statements.

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

STATEMENTS OF CASHFLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Operating activities:		
Change in net assets	$ 1,486,619	$ (841,659)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	476,480	536,424
Net realized (gain) loss on disposal of assets	(19,486)	28,906
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(938,720)	626,980
Other receivable	(6,872)	(18,871)
Prepaid expenses	38,431	(38,431)
Other assets	(8,500)	(275)
Increase (decrease) in:		
Accounts payable	323,484	41,805
Accrued expenses	(144,728)	(44,717)
Net cash provided by operating activities	1,206,708	290,162
Investing activities:		
Purchase of property and equipment	(321,838)	(595,353)
Net cash used in investing activities	(321,838)	(595,353)
Financing activities:		
Payments of note receivable	(12,926)	-
Proceeds from issuance of note payable	-	352,756
Principal payments on note payable	(3,083)	(143,618)
Net cash (used in) provided by Financing activities	(16,009)	209,138
Change in cash and cash equivalents	868,861	(96,053)
Cash and cash equivalents at the beginning of year	33,841	129,894
Cash and cash equivalents at end of year	**$ 902,702**	**$ 33,841**
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest	**$ 176,639**	**$ 162,742**
Supplemental Disclosure of Cash Flow Information		
Purchase of building with loan proceeds	**$ -**	**$ 352,756**

The accompanying notes are an integral part of these financial statements.

NOTE 1- ORGANIZATION

Rocky Mountain SER/Jobs 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Under Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") Topic 958-210, the Organization is required to report information regarding its financial position and activities according to two of net assets: Without Donor Restrictions and With Donor Restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Net Assets Without Donor Restrictions — Net assets that are not subject to donor-imposed restrictions. These net assets, including Board designations, are legally unrestricted and can be used in any Organization activity.

Net Assets With Donor Restrictions — Net assets subject to donor-imposed restrictions that may or will be met by actions of the Organization and/or the passage of time or restrictions that require resources maintained in perpetuity.

To insure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

GRANT REVENUE AND RECEIVABLE

Grants receivable consists of federal and state awards from various agencies, as well as fee for services contracts from non-government entities. These grants are on either a cost reimbursement basis or fee for service, including recoverable overhead. Grant revenues are deemed earned and reported as without donor restrictions support when expenses are incurred in compliance with specific grant agreements. Management reviews the collectability of grants receivable and assesses the need for an allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2018 and 2017. Expenses are recorded when incurred; unpaid expenses are recorded as accounts payable and accrued expenses.

PROPERTY AND EQUIPMENT

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.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PUBLIC SUPPORT AND REVENUE

Grants and contributions which are limited to the use of various program activities, are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and are provided by persons possessing those specialized skills, and would need to be purchased if not provided by donation, are recorded at their fair values in the period received.

DEFERRED REVENUE

The Organization reports deferred revenue on its financial statements when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods**,** when the Organization has earned the revenue, the liability for deferred revenue is reduced and revenue is recognized.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities of the Organization have been allocated among the programs and supporting services benefited.

INCOME TAX STATUS

The Organization is incorporated in the State of Colorado as a nonprofit organization and has qualified as a tax exempt organization under Internal Revenue Code ("IRC') Section 501(c)(3), and as such, is only subject to Federal income tax on unrelated business income. There was no income tax resulting from unrelated business income during the years ended June 30, 2018 and 2017.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IN-KIND DONATIONS

Presentation: In-Kind donations on the accompanying financial statements are reported on RMSER's fiscal years for the years ended June 30, 2018 and 2017.

Facilities: Donated facilities are recorded as contribution at their estimated fair values at the date of donation. Donated facilities recorded at June 30, 2018 and 2017 were $578,857 and $571,979, respectively.

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. No property and equipment were donated during the fiscal years ended June 30, 2018 and 2017.

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, 2018. In-Kind Services totaling $1,587,759 and $1,437,925 were recorded in the fiscal year ended June 30, 2018 and 2017, respectively. These services include Special Education for fiscal year ended June 30, 2018 and 2017 in the amounts of $60,706 and $82,471, respectively Professional Services for 2018 and 2017 in the amounts of $65,154 and $197,204, respectively and Community Partnerships for 2018 and 2017 in the amounts of $697,740 and $551,245, respectively. For fiscal year ended June 30, 2018, Parent Volunteers and Community Volunteers contributed approximately 79,498 hours, while in 2017 Parent and Community Volunteers contributed 37,275 hours. RMSER additionally received in-kind services in the amount of $764,159 from various school districts and foundations in fiscal year ended June 30, 2018, while those fiscal year ended June 30, 2017 yielded $607,005 from various school districts and foundations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IN-KIND DONATIONS (CONTINUED)

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, 2018 and 2017 was $359,644 and $1,086,680, respectively.

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.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the reporting period. 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, 2018 and 2017 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.

NOTE 3 — RISKS AND UNCERTAINTIES

Support from Outside Agencies

The Organization receives most of its support from government and other grants. A significant reduction in the level of this support, if it were to occur, could have a significant effect on the Organization's ability to continue services and activities.

Grant revenue amounts are subject to audit and adjustment. If any expenses are disallowed by a grantor agency as a result of an audit, any claim for reimbursement would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreement and applicable laws and regulations.

Concentration of Risk

The Organization maintains cash balances at one financial institution. The Federal Deposit Insurance Corporation ("FDIC") insures depositors up to $250,000. At certain times during the year, the Organization had amounts on deposit that were in excess of the federally insured limits. Cash is maintained at a high quality financial institution, which the Organization believes limits its credit risk.

NOTE 4 —ACCOUNTS RECEIVABLE

Accounts receivable represents amounts due to RMSER at June 30, 2018 and are recorded using the accrual basis of accounting. As of June 30, 2018, and 2017, grants receivable totaled $2,050,442 and $1,111,723, respectively.

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 years ended June 30, 2018 and 2017.

NOTE 5 —PREPAID EXPENSES

Prepaid expenses consist of advance payments made by RMSER as of June 30, 2018. With the passage of time, the advance payments will gradually expire, and the expired portion will be expensed accordingly. As of June 30, 2018, there was no in prepaid expenses. There were $38,431 in prepaid expenses reported in 2017.

NOTE 6 — FUNDRAISING

RMSER participates in fundraising activities. During the year ended June 30, 2018 and 2017, total cost of all fund-raising activities was $32,596 and $10,934, respectively.

NOTE 7 — RESTRICTIONS OF NET ASSETS

As of June 30, 2018, and 2017, net assets with donor restrictions consist solely of the undepreciated net book value of fixed assets purchased with federal funds of $380,069 and $380,069, respectively.

Property and equipment acquired with various grant funds are recorded as net assets with donor restrictions 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.

		Total Restricted Fixed Assets 2018	Total Restricted Fixed Assets 2017
Non-depreciable:			
	Land	$ 62,399	$ 62,399
Depreciable:			
	Buildings	254,148	254,148
	Leasehold Improvements	2,400,418	2,627,613
	Furniture, fixtures and equipment	1,960,766	1,960,766
	Vehicles	550,498	550,498
Total Depreciable:		5,165,830	5,393,025
	Less accumulated depreciation	(5,123,660)	(5,075,355)
Total Net Depreciable		42,170	317,670
Total Restricted Net Assets		$ 380,069	$ 380,069

The amount released from restriction for the fiscal years ended June 30, 2018 and 2017 represented depreciation expense for the assets listed above as well as the gain and loss on disposal of restricted assets, in the amount of $298,224 and $167,565.

NOTE 8 – PROPERTY AND EQUIPMENT

	2018	2017
Land	$2,638,292	$ 2,638,292
Buildings	6,555,897	6,555,897
Leasehold improvements	2,608,810	3,543,643
Furniture, fixtures and equipment	3,525,829	2,269,158
Vehicles	1,068,148	1,068,148
	16,396,976	16,075,138
Less accumulated deprecation	(10,544,347)	(10,067,868)
Net Property and Equipment	$5,852,629	$ 6,007,270

Depreciation expense for the years ended December 3l, 2018 and 2017 was $282,506 and $1234, respectively.

NOTE 10 – NOTE PAYABLE

	Balance June 30, 2018	Balance June 30, 2017
Note payable to JPMorgan Chase Bank, NA due March 12, 2023, and interest rate of 4.67% at June 30, 2017; Principal and interest of $18,394 due monthly. The note is collateralized by commercial real estate.	$2,436,272	$2,436,272
Original amount of Note Payable was $401,250 issued on December 14, 2015. Notes payable to Citywide Banks due December 14, 2020, bearing interest at a rate of 4.5% at June 30, 2017. Principal and interest of $2,553 due monthly. The note is collateralized by the building with a carrying value net of depreciation of $359,299.	381,925	381,925
Original amount of Note Payable was $597,220 issued on August 16, 2012. This Note was refinanced on December 14, 2015 in the amount of $560,884. Notes payable to Citywide Banks due December 2018 and extended an additional 60 months, bearing interest at a rate of 4.5% at June 30, 2017. Principal and interest of $3,372 due monthly. The note is collateralized by the building with a carrying value net of depreciation of $518,950.	537,990	537,990
Original amount of Note Payable was $353,584 issued on June 7, 2017. Notes payable to Evergreen Bank due June 2022, bearing interest at a rate of 5.5% at June 30, 2017. Principal and interest of $2,448 due monthly. The note is collateralized by the building with a carrying value net of depreciation of $352,793.	352,813	352,813
	$3,709,000	$3,709,000
Less: Current Portion	(149,579)	(146,496)
Total Long-Term Notes Payable	$3,562,504	$3,562,504

NOTE 10 – NOTE PAYABLE (CONTINUED)

Total interest incurred and charged to expense for the fiscal year ended June 30, 2018 and 2017 on the notes payable to financial institutions was $176,639 and $162,742, respectively.

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, 2019	$ 154,482
June 30, 2020	161,817
June 30, 2021	493,532
June 30, 2022	459,577
June 30, 2023	1,863,305
Thereafter	429,790
Total	$ 3,562,502

NOTE 11 – COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

TRMSER 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, 2018 and 2017 totaled $485,143 and $484,663, respectively.

The following is a schedule of the estimated future minimum lease payments required on operating leases as of June 30, 2018.

For the Year Ending June 30	Amount
2019	331,346
2020	236,233
2021	38,238
2022	-
2023	-
Thereafter	-
Total	**$ 605,817**

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2018, management believes there are no noncompliance issues.

NOTE 12 — EMPLOYEE BENEFIT PLANS

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 $137,189 to the plan during the fiscal year ended June 30, 2018 and contributed $163,383 to the plan during the fiscal year ended June 30, 2017.

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 years ended June 30, 2018 and 2017.

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

NOTE 13— SELF FUNDED HEALTH INSURANCE

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

NOTE 13— SELF FUNDED HEALTH INSURANCE (CONTINUED)

The third-party administrator determines RMSER's terminal liability which is pre-set cost for claims that protects RMSER from claims that are incurred after termination. The liability reflected within the financial statements, represents RMSER's total terminal liability. As of June 30, 2018, and 2017, the estimated liability is $173,969 and $148,894, respectively and is included in Employee benefits payable on the Statements of Financial Position.

The Organization has a defined contribution pension plan covering all employees who meet the age and service requirements, as defined. A discretionary contribution is determined by the Organization each year, and is allocated pro rata based on compensation and fully vests in five years. The Organization contributed an amount equal to 5% of the eligible employee's base into the plan. Contributions to the plan were approximately $25,000 and $29,000 for the years ended June 30, 2018 and 2017, respectively.

NOTE 14— ECONOMIC DEPENDENCY

RMSER 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 94% of total revenue for the year ended June 30, 2018 and 75% total revenue for year ended 2017 is earned from this Department. A significant reduction in the level of such support, if this were to occur, may have an adverse effect on RMSER's programs and activities.

NOTE 15— CONCENTRATION OF CREDIT RISK

As of June 30, 2018, a majority of grant related receivables are from one direct federal agency; the U.S. Department of Health and Human Services. 72% of receivables are due from U.S. Department of Health and Human Services as of June 30, 2018.

As of June 30, 2017, a majority of grant related receivables are from one direct federal agency; the U.S. Department of Health and Human Services. 93% of receivables are due from U.S. Department of Health and Human Services as of June 30, 2017.

Significant concentrations of credit risk exist arising from cash deposits in excess of federally insured limits. As of June 30, 2018 and 2017, there are no 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 16 — SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 27, 2023, the date the financial statements were available to be issued.

ROCKY MOUNTAIN SER/ JOBS FOR PROGRES, INC.

COMPLIANCE SECTION

FOR THE YEAR ENDED JUNE 30, 2018

BAS PARTNERS
Certified Public Accountants

15800 Pines Blvd. Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

INDEPENDENT AUDITORS' 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 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 of America, the financial statements of Rocky Mountain SER/Jobs For Progress, Inc. which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended June 30, 2018, and have issued our report thereon dated February 27, 2023.

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 T 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

15800 Pines Blvd. Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

BAS PARTNERS
Certified Public Accountants

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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BAS Partners LLC

Pembroke Pines, Florida

February 27, 2023

15800 Pines Blvd. Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

BAS PARTNERS
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE

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

Report on Compliance for Each Federal Program

We have audited Rocky Mountain SER/Jobs For Progress, Inc.'s, compliance with the types of compliance requirements described in the *OMB 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, 2018. Rocky Mountain SER/Jobs For Progress, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Rocky Mountain SER/Jobs For Progress, Inc.'s major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

BAS PARTNERS
Certified Public Accountants

15800 Pines Blvd. Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

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, 2018.

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 the Uniform Guidance, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BAS Partners LLC

Pembroke Pines, FL
February 27, 2023

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number		Federal Expenditures
U.S Department of Labor			
Direct:			
Migrant and Seasonal Farmworkers Grant	17.264	$	988,251
Total Direct Funding			988,251
Passed through CDHDC			
Migrant and Seasonal Farmworkers Grant	17.264		31,000
Total Pass-through Funding			31,000
Total U.S Department of Labor			1,019,251
U.S Department of Health and Human Services			
Direct:			
Head Start	93.600		17,651,174
Total Direct Funding			17,651,174
Passed through Local Schools			
Trinidad Public Schools & Huerfano	93.600		218,170
CPKP Dist 1 Denver	93.600		276,086
Total Pass-through Funding			494,256
Total U.S Department of Health and Human Services			18,145,430
U.S Department of Agriculture			
Passed through Colorado Department of Public Health & Environment:			
Child and Adult Care Food Program	10.558		988,236
Total Pass-through Funding			988,236
Total U.S Department of Agriculture			988,236
Total Expenditures of Federal Awards		**$**	**20,152,917**

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

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 the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 — CONTINGENCIES

Grant monies received and disbursed by Rocky Mountain SER/Jobs For Progress, Inc.,. are for specific purposes and are subject to review by grantor agencies. Such audits may result in request for reimbursement due to disallowed expenditures. Based on prior experience, Rocky Mountain SER/Jobs For Progress, Inc., does not believe that such disallowances, if any, would have a material effect on the financial position of Rocky Mountain SER/Jobs For Progress, Inc.,. As of June 30, 2018, management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 4 — INDIRECT COST RATE

Rocky Mountain SER/Jobs For Progress, Inc., has elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

SECTION 1 – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued	**Unmodified Opinion**	
Internal control over financial reporting:		
• Material weaknesses identified?	_____ Yes	__X__ No
• Significant deficiency identified 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 deficiency identified that are not considered to be material weaknesses?	_____ Yes	__X__ None Reported

Type of Auditors' Report Issued on Compliance for Major Program: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	__X__ No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program or Cluster
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	____Yes	___X__ No

ROCKY MOUNTAIN SER/ JOBS FOR PROGRESS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

SECTION II — FINANCIAL STATEMENT FINDINGS

Current Year Findings and

None Noted

Prior Year Findings

None Noted

SECTION III — FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Current Year Findings

None Noted

Prior Year Findings

Finding 2018-001: Timely preparation of interim internal financial statements

Agency and Award: All federal awards listed on the schedule of expenditures of federal awards.

Criteria: Controls should be in place to ensure internal statements are prepared timely.

Condition: In January and February 2017, RMSER failed to timely prepare internal financial statements, integral to monitoring compliance with the provisions of Federal grants.

Cause: This was a period of significant transition for RMSER, and was significantly understaffed. Additionally, during January and February 2017 the Organization's independent auditor's financial statement audit and Single Audit were conducted, pressing Management's resources further. The resulting shortage in staff, resulted in Management's delaying preparing financial statements for the aforementioned months.

Effect: The control deficiency identified above did not result in questionable costs, or noncompliance. However, the existence of this deficiency could result in material noncompliance with the provisions of the grant, or questioned costs..

Questioned Costs: There were no questioned costs related to this finding.

Recommendation: We recommend Management implement procedures to ensure timely preparation of interim financial statements.

Management's Response: Management of RMSER concurs with the audit finding. Risk was identified and corrected immediately in March 2017 and every month thereafter, monthly financials were prepared. Moving forward, the preparation of monthly financial reports will be prepared by the Accounting Manager, which was vacant at the time the deficiency was identified, and reviewed by the Director of Finance..

Status: Implemented.

END OF REPORT