

**Rocky Mountain Youth Corps**

**FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Rocky Mountain Youth Corps

### Report on the Financial Statements

We have audited the accompanying financial statements of Rocky Mountain Youth Corps (RMYC), a not-for-profit organization, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 audits 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 audits 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 RMYC'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 RMYC'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 RMYC as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Our audits were 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 (CFR) 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 as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017, on our consideration of RMYC’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 RMYC’s internal control over financial reporting and compliance.

October 4, 2017

  
Pulakos CPAs, PC

# Rocky Mountain Youth Corps

## STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Current assets		
Cash	\$ 60,830	\$ 71,740
Grants receivable	340,257	209,975
Inventories	4,213	3,565
Deposits	3,050	3,000
Prepaid expenses	13,666	45,606
Total current assets	422,016	333,886
Property and equipment, net	473,383	473,487
Total assets	<u>\$ 895,399</u>	<u>\$ 807,373</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 53,889	\$ 34,173
Accrued payroll and related taxes	124,418	107,406
Deferred revenue	6,317	52,670
Compensated absences	15,225	11,434
Total current liabilities	199,849	205,683
Net assets		
Unrestricted	670,550	601,690
Temporarily restricted	25,000	-
Total net assets	695,550	601,690
Total liabilities and net assets	<u>\$ 895,399</u>	<u>\$ 807,373</u>

## Rocky Mountain Youth Corps

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues and gains and losses</b>				
Federal and State grants and agreements	\$ 984,722	\$ -	\$ -	\$ 984,722
Other grants and agreements	211,487	25,000	-	236,487
Fee for service	1,157,870	-	-	1,157,870
Contributions	23,101	-	-	23,101
Leadership, training fees and special events	29,011	-	-	29,011
Interest and investment gain	28	-	-	28
Miscellaneous income	3,416	-	-	3,416
Gain on sale of assets	3,400	-	-	3,400
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues and gains and losses	2,413,035	25,000	-	2,438,035
<b>Other support</b>				
In-kind contributions	283,836	-	-	283,836
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues, gains and losses and other support	2,696,871	25,000	-	2,721,871
<b>Expenses</b>				
Program expenses	2,154,799	-	-	2,154,799
General and administrative	393,342	-	-	393,342
Fundraising	79,870	-	-	79,870
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	2,628,011	-	-	2,628,011
Change in net assets	68,860	25,000	-	93,860
Net assets, beginning of year	601,690	-	-	601,690
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 670,550</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 695,550</u>

See Notes to Financial Statements and Independent Auditors' Report.

## Rocky Mountain Youth Corps

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues and gains and losses</b>				
Federal and State grants and agreements	\$ 936,448	\$ -	\$ -	\$ 936,448
Other grants and agreements	163,189	-	-	163,189
Fee for service	1,128,513	-	-	1,128,513
Contributions	12,924	-	-	12,924
Leadership, training fees and special events	16,731	-	-	16,731
Interest and investment gain	31	-	-	31
Miscellaneous income	1,240	-	-	1,240
Gain on sale of assets	1,500	-	-	1,500
Net assets related from restrictions	10,194	(2,694)	(7,500)	-
Total revenues and gains and losses	2,270,770	(2,694)	(7,500)	2,260,576
<b>Other support</b>				
In-kind contributions	124,083	-	-	124,083
Total revenues, gains and losses and other support	2,394,853	(2,694)	(7,500)	2,384,659
<b>Expenses</b>				
Program expenses	1,860,731	-	-	1,860,731
General and administrative	324,097	-	-	324,097
Fundraising	84,932	-	-	84,932
Total expenses	2,269,760	-	-	2,269,760
Change in net assets	125,093	(2,694)	(7,500)	114,899
Net assets, beginning of year	476,597	2,694	7,500	486,791
Net assets, end of year	<u>\$ 601,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 601,690</u>

See Notes to Financial Statements and Independent Auditors' Report.

# Rocky Mountain Youth Corps

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating activities		
Change in net assets	\$ 93,860	\$ 114,899
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,008	28,144
Gain on disposal of assets	(3,400)	(1,500)
Changes in operating assets and liabilities		
Grants receivable	(130,282)	58,078
Accounts and other receivables	-	20
Inventories	(648)	1,943
Deposits	(50)	2,036
Prepaid expenses	31,940	(45,606)
Accounts payable	19,716	(56,662)
Accrued payroll and related taxes	17,012	(3,790)
Deferred revenue	(46,353)	(76,710)
Compensated absences	3,791	(2,513)
Net cash provided by operating activities	<u>12,594</u>	<u>18,339</u>
Investing activities		
Purchases of property and equipment	(26,904)	(81,268)
Proceeds from sale of investments	3,400	10,194
Net cash used by investing activities	<u>(23,504)</u>	<u>(71,074)</u>
Net change in cash and cash equivalents	(10,910)	(52,735)
Cash and cash equivalents, beginning of year	<u>71,740</u>	<u>124,475</u>
Cash and cash equivalents, end of year	<u>\$ 60,830</u>	<u>\$ 71,740</u>

# Rocky Mountain Youth Corps

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Compensation and related employee benefits	\$ 1,574,700	\$ 260,145	\$ 55,888	\$ 1,890,733
Supplies and materials	37,220	9,177	352	46,749
Transportation	93,214	-	64	93,278
Lease expense	19,548	22,564	1,152	43,264
Insurance	19,251	8,687	1,838	29,776
Professional services	39,942	46,038	200	86,180
Training and education	18,224	2,704	40	20,968
Evaluation	19,875	-	-	19,875
Advertising and promotion	15,494	4,406	2,044	21,944
Miscellaneous	97	4,155	70	4,322
Depreciation	20,914	5,974	120	27,008
Travel	4,876	2,569	37	7,482
Dues and subscriptions	5,469	7,309	18	12,796
Telephone	1,051	7,647	141	8,839
In-kind expense	279,230	4,606	-	283,836
Maintenance and repairs	1,469	688	-	2,157
Printing and copying	1,068	4,046	4,291	9,405
Utilities	1,614	1,649	98	3,361
Special events	-	-	13,492	13,492
Uniforms	1,543	978	25	2,546
	<u>2,154,799</u>	<u>393,342</u>	<u>79,870</u>	<u>2,628,011</u>
Total expenses	<u>\$ 2,154,799</u>	<u>\$ 393,342</u>	<u>\$ 79,870</u>	<u>\$ 2,628,011</u>



# Rocky Mountain Youth Corps

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

	<b>Program Expenses</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Compensation and related employee benefits	\$ 1,427,675	\$ 183,503	\$ 64,265	\$ 1,675,443
Supplies and materials	50,147	18,051	525	68,723
Transportation	52,768	1,423	176	54,367
Lease expense	19,627	19,136	1,134	39,897
Insurance	19,268	4,137	1,393	24,798
Professional services	37,392	10,046	1,215	48,653
Training and education	24,872	3,244	-	28,116
Evaluation	26,876	-	-	26,876
Advertising and promotion	27,834	1,741	400	29,975
Miscellaneous	6,154	42,437	1,682	50,273
Depreciation	23,728	4,290	126	28,144
Travel	5,642	7,392	35	13,069
Dues and subscriptions	6,541	10,768	41	17,350
Telephone	2,898	5,524	300	8,722
In-kind expense	123,933	-	150	124,083
Maintenance and repairs	1,441	5,172	-	6,613
Printing and copying	782	5,899	3,652	10,333
Utilities	1,289	1,316	77	2,682
Special events	-	-	9,761	9,761
Uniforms	1,864	18	-	1,882
	<b>\$ 1,860,731</b>	<b>\$ 324,097</b>	<b>\$ 84,932</b>	<b>\$ 2,269,760</b>

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

### NOTE 1 – NATURE OF BUSINESS

Rocky Mountain Youth Corps (RMYC) is a not-for-profit organization located and incorporated in Taos, New Mexico in November of 1994. RMYC establishes community service projects in collaboration with various governmental, business, and nonprofit organizations and facilitates these community service projects through employment of young people eager to gain work experience. RMYC provides meaningful, paid work experience and education to youth focusing on personal development in the areas of financial management, communication, employment training, work-specific skills, and civic responsibility. RMYC also meets significant community needs, primarily in the areas of community development, environmental restoration, and education.

RMYC operates the following programs:

#### **Conservation**

RMYC Conservation Crews provide community beautification, preservation, and environmental enhancement projects. Field crewmembers learn about natural resource management and gain a conscientious respect for the environment.

#### **Training**

The Leadership and Training Center is the internal training provider for RMYC that also offers its powerful training to community partners. The staff of this program offer project specific trainings, workforce development trainings, and personal leadership trainings to RMYC's members. In addition, the Ropes Course is offered to every crew but also made available to community organizations looking to take advantage of the team-building, leadership preparation, and personal goal-setting opportunities the Ropes Course has to offer.

#### **Learning Lab**

The Learning Lab is a crew-based alternative education program for expelled or suspended middle school students. Program graduates return to the public school system.

#### Cash and Cash Equivalents

For purposes of the statements of cash flows, RMYC considers unrestricted highly liquid investments with an original maturity date of 90 days or less to be cash equivalents. Cash held at financial institutions is periodically in excess of federally insured limits.

#### Grants and Accounts Receivable

Grants and accounts receivable are stated at their estimated collectible amounts. Receivables are considered delinquent if not paid within 90 days of invoice date.

Management considers grants and accounts receivable to be fully collectible, and accordingly, no allowance has been provided for uncollectible accounts for fiscal years 2017 and 2016.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Inventory

Inventory consists of uniforms used in support of RMYC's AmeriCorps Programs. Inventories are stated at the lower of cost (first-in, first-out) or market.

#### Property and Equipment

Property and equipment are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation and amortization of fixed assets are computed using the straight-line method at rates sufficient to recover the basis of the asset over its estimated useful life. The lives used to compute depreciation and amortization range from three to five years. Acquisitions of property and equipment over \$500 and useful life greater than one year are capitalized.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as temporarily restricted support. It is RMYC's policy to record donations of property and equipment that have no donor restrictions as unrestricted support in the period of contribution.

#### Contributions and Promises to Give

Contributions and unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Non-cash donations are recorded at their estimated fair value on the date of donation.

#### Restricted and Unrestricted Contributions

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which revenue is recognized.

#### Donated Goods and Services

Donated goods and services are recorded at their estimated fair values as of the date of contribution and capitalized if in excess of the \$500 threshold policy. Contributions of services are recognized in the financial statements if the services received enhance or create nonfinancial assets, require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions were \$283,836 and \$124,083 in 2017 and 2016, respectively. In-kind contributions consisted of donated space at various schools, donated wages for crew services, donated time for presentations and workshops, donated equipment, donated items for the annual dinner, and donated rent for the Albuquerque office.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Net Assets

RYMC classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of RMYC and the changes therein are classified and reported as follows:

*Unrestricted net assets* are not subject to donor-imposed restriction. Unrestricted net assets may be designated for a specific purpose by action of the Board of Directors.

*Temporarily restricted net assets* are resources received from activities and contributors which are designated to be expended in a specific manner or within a specified time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

*Permanently restricted net assets* are net assets required to be maintained in perpetuity, due to the donor-imposed restrictions.

#### Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs were \$21,944 and \$29,975 in 2017 and 2016, respectively.

#### Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that RMYC has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Fair Value Measurements – Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

#### Functional Classification of Expenses

RMYC presents its expenses on a functional basis among its various programs and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships such as direct labor hours and square footage.

#### Financial Instruments

The carrying amounts of cash, receivables, payables, and accrued liabilities and other obligations approximate fair value due to the short-term nature of these instruments.

#### Income Taxes

RMYC is a non-profit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

RMYC has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions for the years ended June 30, 2017 and 2016. Any interest and penalties recognized associated with a tax position would be classified as current in RMYC's financial statements. No interest or penalties were recorded in 2017 or 2016.

Currently, RMYC's 2014, 2015, and 2016 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. However, RMYC is not currently under audit, nor has RMYC been contacted by any of these jurisdictions. Based on the evaluation of RMYC's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain income taxes has been recorded in 2017 and 2016.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from these estimates.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

#### Subsequent Events

RMYC has evaluated all events occurring subsequent to June 30, 2017 through October 4, 2017, which is the date that the financial statements were issued, and believes that no such events occurring during this period have been disclosed in the accompanying financial statements.

### NOTE 3 – PROPERTY AND EQUIPMENT

As of June 30, 2017 and 2016, property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Vehicles, tools and equipment	\$ 364,694	\$ 393,055
Ropes course	57,454	57,454
Furniture and fixtures	<u>17,418</u>	<u>17,418</u>
	439,566	467,927
Less accumulated depreciation	<u>(371,943)</u>	<u>(382,049)</u>
	67,623	85,878
Construction in progress	143,127	124,976
Land	<u>262,633</u>	<u>262,633</u>
Total property and equipment, net	<u>\$ 473,383</u>	<u>\$ 473,487</u>

Construction in progress consisted of architectural fees and salaries incurred for the construction of the new campus.

### NOTE 4 – LINE-OF-CREDIT

In 2016, RMYC had a revolving line-of-credit at a bank for up to \$200,000 secured by real estate, with interest at 6.25% and a maturity date of June 15, 2016. The outstanding balance was zero at June 30, 2016. This line of credit was renewed for up to \$250,000 secured by real estate, with interest at 6.25% and a maturity date of April 2018. The outstanding balance was zero at June 30, 2017 and 2016.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

### NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

RMYC's temporarily restricted net assets as of June 30, 2017 consist of restricted contribution for IT infrastructure and training. No amounts were released during 2017 and there were no temporarily restricted net assets as of June 30, 2016.

### NOTE 6 – BENEFIT PLANS

RMYC provides retirement benefits to its employees through a Simple IRA contribution plan covering all full-time employees over the age of 18 and with 60 days of eligible experience. RMYC matches employee contributions of 1% to a maximum of 3% of gross wages. Employees are 100% vested in the value of their Simple IRA plan at all times. RMYC contributed \$4,051 and \$6,740 to this plan in 2017 and 2016, respectively.

### NOTE 7 – LEASES

RMYC's current operating facility lease agreement calls for monthly payments of \$3,300 and expires October 31, 2017. RMYC is also party to two office copier leases, which expire in October 2017 and call for monthly payments of \$295 each. Total rent expense under these leases was \$50,665 and \$50,231 in 2017 and 2016, respectively. Management expects all operating leases will renew with similar terms upon expiration.

Future minimum fiscal year lease payments are as follows: 2018 - \$14,084

### NOTE 8 – COMMITMENTS AND CONTINGENCIES

#### Grants

RMYC receives a significant portion of its revenue from grants and from contracts with government agencies, leaving RMYC subject to possible fluctuations resulting from changes in governmental funding priorities. RMYC received approximately 37% and 45% in 2017 and 2016, respectively, of its gross revenues from such grants and contracts. Related receivables were approximately 94% and 100% of total receivables as of June 30, 2017 and 2016, respectively.

Certain funds received are subject to review and audit by grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for amounts disallowed under terms and conditions of the grant agreements. As of June 30, 2017 and 2016, no amounts were due to grantor agencies as a result of these examinations.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



# Rocky Mountain Youth Corps

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantors Number	<u>Expenditures</u>
<b>U.S. Corporation for National and Community Service</b>			
Passed through from the New Mexico Department of Workforce Solutions (NMDWS):			
AmeriCorps Formula (2015-16)	94.006	15-631-8001-00049B	\$ 116,471
AmeriCorps Formula (2016-17)	94.006	15-631-7003-00032A	<u>447,751</u>
Total NMDWS			564,222
<b>U.S. Department of Agriculture</b>			
Community Forestry Restoration Program	10.679	12-DG-11030200-015	15,990
Community Forestry Restoration Program	10.679	16-DG-11030200-016	<u>105,700</u>
Total Department of Agriculture			121,690
<b>U.S. Fish and Wildlife Service</b>			
Conservation Program	15.6756	F15AC00382	177,630
<b>U.S. Department of the Interior:</b>			
<b>Bureau of Land Management</b>			
Rio Grande del Norte Monument '15	15.225	L14AC00061-0002	9,284
Northern NM Youth Corps 2017	15.225	L14AC00061-0006	6,922
NMAC Wildfire Risk Reduction Grant Program	15.228	L14AS00201	<u>50,000</u>
Total U.S. Department of the Interior			66,206
<b>National Park Service</b>			
Bandelier Project Summer 2016	15.931	P15AC01677 (P15AC00022)	20,945
Bandelier National Monument FY17	15.931	P16AC00360 (P15AC00022)	106,702
Bandelier Preservation Project Summer 2017	15.931	P17AC00319 (P15AC00022)	9,940
Bandelier Conservation Project Summer 2017	15.931	P17AC00318 (P15AC00022)	11,663
HOPE Old Santa Fe Trail Building Bandelier	15.931	P16AC00579 (P15AC00022)	33,937
Salinas Pueblo Missions Nat'l Monument 2016	15.931	P16AC01279 (P15AC00022)	10,051
Salinas Pueblo Missions Nat'l Monument 2017	15.931	P17AC00630 (P15AC00022)	<u>7,666</u>
Total National Park Service			200,904
<b>U.S. Department of Housing and Urban Development</b>			
Economic Development Initiative	14.251	N/A	<u>18,150</u>
Total federal expenditures			<u>\$ 1,148,802</u>

# Rocky Mountain Youth Corps

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2017

### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of RMYC under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the 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)*. Because the Schedule presents only a selected portion of the operations of RMYC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of RMYC.

### 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 principals contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

### NOTE 3 – INDIRECT COST RATE

RMYC has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance

**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***

Board of Directors  
Rocky Mountain Youth Corps

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 Youth Corps (RMYC), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered RMYC'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 RMYC's internal control. Accordingly, we do not express an opinion on the effectiveness of the RMYC'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 RMYC'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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as finding 2017-001.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether RMYC'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*.

RMYC's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. RMYC'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 RMYC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RMYC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 4, 2017

  
Pulakos CPAs, PC

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

Board of Directors  
Rocky Mountain Youth Corps

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

We have audited Rocky Mountain Youth Corps' (RMYC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of RMYC's major federal programs for the year ended June 30, 2017. RMYC'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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of RMYC'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about RMYC'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 RMYC's compliance.

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

In our opinion, RMYC 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, 2017.

### **Report on Internal Control Over Compliance**

Management of RMYC 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 RMYC'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 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 RMYC'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.

October 4, 2017

  
Pulakos CPAs, PC

# Rocky Mountain Youth Corps

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

### SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  No

Noncompliance material to financial statements noted?

Yes  No

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  No

Type of auditors' report issued on compliance  
for major programs:

Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with *Uniform Guidance*,  
*Section 200.516*

Yes  No

Identification of major programs:

#### CFDA Numbers(s) Cluster

#### Name of Federal Program or

94.006

U.S. Corporation for National and  
Community Service: AmeriCorps  
Program

15.931

Department of the Interior:  
Conservation Activities by Youth  
Service Organizations

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

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

# Rocky Mountain Youth Corps

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

### SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

#### FINDING 2017-001 Revenue Recognition - MATERIAL WEAKNESS

**Criteria:** Internal controls should be in place to ensure that receivables and revenues are accrued in the appropriate accounting period.

**Condition:** Accrual of unbilled receivables and earned revenue was not reflected in 2017.

**Context:** During the audit it was determined that costs incurred but unbilled and contributions received with restriction were not reflected as revenues in the current accounting period in accordance with the terms of the respective agreements and in accordance with accounting principles generally accepted in the United States of America.

**Cause:** Review was not performed to appropriately identify receivable and revenue cutoff unique to fiscal year end.

**Effect:** The financial statements reflected understated balances for these affected accounts.

**Recommendation:** RMYC should develop processes to ensure earned revenue and associated receivables are recorded in the correct accounting period.

**Management  
Response:**

As of October 2017, Management has implemented new processes and task assignments with our current staff and as part of our Finance Manual updates to assist in identifying potential errors moving forward. These new processes and task assignments have substantially improved our organizational capabilities. We will continue to evaluate our processes, and we remain committed to adding any additional resources or steps as needs are identified.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

### SECTION IV - SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

NONE