

## ROCKY MOUNTAIN YOUTH CORPS

### Financial Statements with Supplementary Information Years Ended June 30, 2010 and 2009

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Rocky Mountain Youth Corps  
Ranchos de Taos, New Mexico


We have audited the accompanying statements of financial position of Rocky Mountain Youth Corps (a nonprofit organization) (RMYC) as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the RMYC's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RMYC as of June 30, 2010 and 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, 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 the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

  
Burt & Company CPAs, LLC

December 15, 2010

ROCKY MOUNTAIN YOUTH CORPS  
 Statements of Financial Position  
 June 30, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash	\$ 113,596	33,336
Grants receivable	225,911	285,088
Accounts and other receivables	647	3,538
Assets held for other non-profits	-	3,605
Deposits	3,607	3,157
Prepaid expenses	14,416	6,209
Total current assets	<u>358,177</u>	<u>334,933</u>
Non-current assets:		
Endowment investments	22,028	19,633
Property and equipment, net of accumulated depreciation	400,471	365,971
Total non-current assets	<u>422,499</u>	<u>385,604</u>
Total assets	<u>\$ 780,676</u>	<u>720,537</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 33,149	48,004
Accrued payroll and related taxes	72,397	74,125
Deferred revenue	17,012	30,912
Deposits due to other non-profits	-	3,605
Compensated absences	30,675	27,326
Line of credit	34,500	92,500
Mortgage payable, current portion	9,872	9,873
Total current liabilities	<u>197,605</u>	<u>286,345</u>
Non-current liabilities:		
Mortgage payable, net of current portion	9,872	19,745
Total non-current liabilities	<u>9,872</u>	<u>19,745</u>
Total liabilities	207,477	306,090
Net assets:		
Unrestricted	565,760	407,819
Temporarily restricted	-	-
Permanently restricted	7,439	6,628
Total net assets	<u>573,199</u>	<u>414,447</u>
Total liabilities and net assets	<u>\$ 780,676</u>	<u>720,537</u>

See independent auditors' report and accompanying notes.

ROCKY MOUNTAIN YOUTH CORPS  
 Statements of Activities and Changes in Net Assets  
 For the year ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and losses, and other support:				
Revenues and gains and losses:				
Grants and agreements	\$ 1,525,177	-	-	1,525,177
Fee for service	356,240	-	-	356,240
Contributions	17,692	-	-	17,692
Leadership and training fees	2,290	-	-	2,290
Special events	13,836	-	-	13,836
Interest and investment income (loss)	2,425	-	811	3,236
Loss on sale of assets	(4,575)	-	-	(4,575)
Total revenues and gains and losses	<u>1,913,085</u>	<u>-</u>	<u>811</u>	<u>1,913,896</u>
Other support:				
In-kind contributions	<u>150,230</u>	<u>-</u>	<u>-</u>	<u>150,230</u>
Total revenues, gains and losses and other support	2,063,315	-	811	2,064,126
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and losses and other support	2,063,315	-	811	2,064,126
Expenses:				
Program expenses	1,642,195	-	-	1,642,195
General and administrative	107,902	-	-	107,902
Fundraising	<u>155,277</u>	<u>-</u>	<u>-</u>	<u>155,277</u>
Total expenses	<u>1,905,374</u>	<u>-</u>	<u>-</u>	<u>1,905,374</u>
Change in net assets	157,941	-	811	158,752
Net assets, beginning of year	<u>407,819</u>	<u>-</u>	<u>6,628</u>	<u>414,447</u>
Net assets, end of year	<u>\$ 565,760</u>	<u>-</u>	<u>7,439</u>	<u>573,199</u>

See independent auditors' report and accompanying notes.

ROCKY MOUNTAIN YOUTH CORPS  
Statements of Activities and Changes in Net Assets (continued)  
For the year ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and losses, and other support:				
Revenues and gains and losses:				
Grants and agreements	\$ 1,314,392	-	-	1,314,392
Fee for service	126,970	-	-	126,970
Contributions	20,216	-	-	20,216
Leadership and training fees	60,538	-	-	60,538
Special events	31,557	-	-	31,557
Interest and investment income (loss)	(3,069)	-	(1,534)	(4,603)
Gain (loss) on sale of assets	141	-	-	141
Total revenues and gains and losses	<u>1,550,745</u>	<u>-</u>	<u>(1,534)</u>	<u>1,549,211</u>
Other support:				
In-kind contributions	210,363	-	-	210,363
Total revenues, gains and losses and other support	<u>1,761,108</u>	<u>-</u>	<u>(1,534)</u>	<u>1,759,574</u>
Net assets released from restrictions	<u>31,667</u>	<u>(31,667)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and losses and other support	<u>1,792,775</u>	<u>(31,667)</u>	<u>(1,534)</u>	<u>1,759,574</u>
Expenses:				
Program expenses	1,587,535	-	-	1,587,535
General and administrative	95,340	-	-	95,340
Fundraising	148,949	-	-	148,949
Total expenses	<u>1,831,824</u>	<u>-</u>	<u>-</u>	<u>1,831,824</u>
Change in net assets	(39,049)	(31,667)	(1,534)	(72,250)
Net assets, beginning of year, as reported	416,229	31,667	8,162	456,058
Prior period adjustment	30,639	-	-	30,639
Net assets, beginning of year, as restated	<u>446,868</u>	<u>31,667</u>	<u>8,162</u>	<u>486,697</u>
	<u>\$ 407,819</u>	<u>-</u>	<u>6,628</u>	<u>414,447</u>

See independent auditors' report and accompanying notes.

**ROCKY MOUNTAIN YOUTH CORPS**  
**Statements of Functional Expenses**  
**For the year ended June 30, 2010**

	Program Expenses	General and Administrative	Fundraising	Total Expenses
<b>Compensation and related expenses:</b>				
Compensation	\$ 943,613	136,896	108,605	1,189,114
Payroll taxes	73,985	9,840	7,543	91,368
Retirement contributions	3,907	1,705	2,332	7,944
Other employee benefits	59,990	11,490	14,566	86,046
Workers compensation insurance	50,942	1,731	3,204	55,877
Total compensation and related expenses	<u>1,132,437</u>	<u>161,662</u>	<u>136,250</u>	<u>1,430,349</u>
<b>Other expenses:</b>				
Administrative overhead allocation	219,557	(221,642)	2,085	-
Advertising and promotion	6,571	324	896	7,791
Bank and brokerage fees	-	2,136	-	2,136
Conferences and seminars	894	600	675	2,169
Contract services	1,120	-	-	1,120
Computer hardware and software	242	252	55	549
Depreciation	9,517	33,454	-	42,971
Dues and subscriptions	2,687	3,461	14	6,162
Evaluation	50,366	-	-	50,366
Fundraising	-	-	12,214	12,214
Insurance	3,346	42,248	-	45,594
Interest	-	7,897	-	7,897
Legal and audit	-	16,905	-	16,905
Maintenance and repairs	652	600	126	1,378
Miscellaneous	-	-	-	-
Participant award	-	-	-	-
Contributions	322	-	100	422
Postage and delivery	248	846	637	1,731
Printing and copying	461	7,260	446	8,167
Property taxes	-	5	-	5
Rent - facility	2,513	26,112	-	28,625
Rent - other	2,292	-	-	2,292
Supplies and materials	50,502	3,580	(6)	54,076
Telephone	6,306	5,425	1,213	12,944
Training and education	13,818	846	-	14,664
Transportation	34,324	5,344	314	39,982
Travel	6,460	4,473	257	11,190
Uniforms	3,535	142	1	3,678
Utilities	-	5,972	-	5,972
In-kind expense	94,025	-	-	94,025
Total other expenses	<u>509,758</u>	<u>(53,760)</u>	<u>19,027</u>	<u>475,025</u>
Total expenses	<u>\$ 1,642,195</u>	<u>107,902</u>	<u>155,277</u>	<u>1,905,374</u>

See independent auditors' report and accompanying notes.

ROCKY MOUNTAIN YOUTH CORPS  
 Statements of Functional Expenses (continued)  
 For the year ended June 30, 2009

	Program Expenses	General and Administrative	Fundraising	Total Expenses
Compensation and related expenses:				
Compensation	\$ 815,327	116,632	94,936	1,026,895
Payroll taxes	74,889	8,586	7,386	90,861
Retirement contributions	1,718	712	1,266	3,696
Other employee benefits	37,827	5,290	12,199	55,316
Workers compensation insurance	34,417	3,150	3,141	40,708
Total compensation and related expenses	<u>964,178</u>	<u>134,370</u>	<u>118,928</u>	<u>1,217,476</u>
Other expenses:				
Administrative overhead allocation	200,541	(202,567)	2,026	-
Advertising and promotion	10,608	640	1,482	12,730
Bank and brokerage fees	12	521	26	559
Conferences and seminars	29	1,000	-	1,029
Contract services	36,986	495	-	37,481
Computer hardware and software	774	1,427	-	2,201
Depreciation	10,893	28,315	-	39,208
Dues and subscriptions	1,314	3,175	87	4,576
Evaluation	50,250	-	-	50,250
Fundraising	232	-	4,966	5,198
Insurance	3,906	43,406	-	47,312
Interest	-	12,387	24	12,411
Legal and audit	-	13,480	-	13,480
Maintenance and repairs	774	308	-	1,082
Miscellaneous	100	1,616	-	1,716
Participant award	5,521	-	-	5,521
Postage and delivery	160	1,123	667	1,950
Printing and copying	1,388	6,337	3,521	11,246
Property taxes	-	5	-	5
Rent - facility	441	26,112	-	26,553
Rent - other	800	-	-	800
Supplies and materials	34,419	2,202	1,430	38,051
Telephone	6,134	4,603	1,528	12,265
Training and education	23,139	1,459	-	24,598
Transportation	35,316	2,800	697	38,813
Travel	6,594	201	92	6,887
Uniforms	6,529	456	(95)	6,890
Utilities	-	5,469	-	5,469
In-kind expense	186,497	6,000	13,570	206,067
Total other expenses	<u>623,357</u>	<u>(39,030)</u>	<u>30,021</u>	<u>614,348</u>
Total expenses	<u>\$ 1,587,535</u>	<u>95,340</u>	<u>148,949</u>	<u>1,831,824</u>

See independent auditors' report and accompanying notes.

ROCKY MOUNTAIN YOUTH CORPS  
 Statements of Cash Flows  
 For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 158,752	(72,250)
Adjustments to reconcile the change in net assets to the net cash provided (used) by operating activities:		
Depreciation	42,971	39,208
(Gain) loss on disposal of assets	4,575	(141)
Unrealized and realized loss (gain) on endowments	(2,395)	4,695
Capitalized donated assets	(56,204)	(4,295)
Changes in assets and liabilities:		
Grants receivable	59,177	(80,025)
Accounts and other receivables	2,891	55,700
Deposits	(450)	(900)
Prepaid expenses	(8,207)	7,110
Accounts payable	(14,855)	(1,365)
Accrued payroll and related taxes	(1,728)	12,737
Deferred revenue	(13,900)	10,912
Compensated absences	<u>3,349</u>	<u>16,607</u>
Total adjustments	<u>15,224</u>	<u>60,243</u>
Net cash provided (used) by operating activities	173,976	(12,007)
Cash flows from investing activities:		
Proceeds from sale of capital assets	1,585	800
Purchases of property and equipment	<u>(27,427)</u>	<u>(6,331)</u>
Net cash used by investing activities	(25,842)	(5,531)
Cash flows from financing activities:		
Proceeds from borrowing on lines of credit	30,000	135,000
Payments on lines of credit	(88,000)	(117,500)
Principal payments on mortgage	<u>(9,874)</u>	<u>(9,874)</u>
Net cash (used) provided by financing activities	<u>(67,874)</u>	<u>7,626</u>
Net increase (decrease) in cash and cash equivalents	80,260	(9,912)
Cash, beginning of year	<u>33,336</u>	<u>43,248</u>
Cash, end of year	\$ <u>113,596</u>	<u>33,336</u>
Supplemental disclosures:		
Cash paid for interest	\$ 7,897	12,411

See independent auditors' report and accompanying notes.

ROCKY MOUNTAIN YOUTH CORPS  
Notes to Financial Statements  
June 30, 2010

1. Nature of Organization

A. Nature of Activities

Rocky Mountain Youth Corps (RMYC) is a not-for-profit organization incorporated in New Mexico in November 1994. RMYC establishes community service projects in collaboration with various governmental, business, and nonprofit organizations, and involves youth in learning new skills while completing these projects. RMYC provides meaningful paid work experience and education to youths that focus on personal development in 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 is located in Taos, New Mexico.

RMYC operates the following programs:

- *Education* – RMYC has two types of crews in the education program:  
  
After School Program Crews work in elementary schools tutoring kindergarten through 5<sup>th</sup> grade children.  
  
Community Leadership Crews work in high schools to develop, teach, and mobilize high school youth to address their peers, community members, and leaders in changing social norms around drinking and driving, and encouraging socially responsible decision making.
- *Field Crews* – RMYC field crews provide community beautification, preservation, and environmental enhancement projects. Field crew members learn about natural resource management and conscientious respect for the environment.
- *Leadership and Training* – The leadership and training center is the internal training provider for RMYC that also offers its powerful training to community partners. Its challenge course and wildlife initiatives provide effective learning with teambuilding and leadership curriculum.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

ROCKY MOUNTAIN YOUTH CORPS  
Notes to Financial Statements (continued)  
June 30, 2010

2. Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

RMYC's financial statements are presented in accordance with Statement of Financial Accounting Standards (Statement) No. 116, *Accounting for Contributions Received and Contributions Made*, and Statement No. 117, *Financial Statements for Not-for Profit Organizations*. Under these provisions, net assets and revenues, expenses, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of RMYC and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may or will be met by occurrence of a specific event or passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed restrictions.

B. Cash

Cash consists of deposits at local institutions. Deposits did not exceed FDIC at June 30, 2010 or 2009, respectively. The Organization may at times exceed the FDIC insurance limits during the year but does not consider those balances at risk of loss.

C. Investments and Endowments

RMYC records investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in income on the statement of activities and changes in net assets.

Investments are comprised of endowment accounts managed by the New Mexico Community Foundation (NMCF), and investment values are determined based on the underlying security's quoted market price. The Endowment investments consist of an unrestricted fund and a permanently restricted fund.

ROCKY MOUNTAIN YOUTH CORPS  
Notes to Financial Statements (continued)  
June 30, 2010

2. Summary of Significant Accounting Policies (continued)

C. Investments and Endowments (continued)

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of New Mexico's Prudent Management of Institutional Funds Act (SPMIFA) requires the preservation of the fair value of an original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this requirement, RMYC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by RMYC in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of RMYC, and (7) RMYC's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* RMYC has signed an agreement with the NMCF to manage the endowment investments. NMCF administers and invest the funds in accordance with NMFC's investment policy.

*Spending Policy.* The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. A distribution will not be made if such distribution would cause the value of the fund to decrease below its original book value. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

D. 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.

ROCKY MOUNTAIN YOUTH CORPS  
Notes to Financial Statements (continued)  
June 30, 2010

2. Summary of Significant Accounting Policies (continued)

E. Property and Equipment

Acquisitions of property and equipment of \$500 or more are recorded at cost if purchased and at fair market value if donated. Depreciation is provided for using the straight line method over two to ten years. Expenditures for minor replacements, maintenance, and repairs are charged to expense as incurred.

Gifts of long-lived operating assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from excess of revenues, gains, and other support over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

F. Compensated Absences

Full time employees qualify for personal time off based on the number of years of service. Employees may carry unused personal time off forward into the subsequent calendar year, not to exceed 150 hours. RMYC's policy is to pay out fifty percent of unused annual leave upon termination of employment.

G. Grant Revenues

Grant revenues are recognized according to the type of grant:

Grants based on a direct cost reimbursement for expenditures incurred under the grant scope of work – revenues are recognized at the time of expenditure and billed to the grantor on a monthly or quarterly basis as required by the grant.

Grants in which fee-for-services are billed for payment – revenues are recognized after services are provided and billed.

H. Donated Goods and Services

Donated materials, equipment, and services are recorded as in-kind contributions in the accompanying financial statements at their estimated values as of the date received. During fiscal years 2010 and 2009, in-kind contributions in the amount of \$150,230 and \$210,363 were recorded, respectively. In-kind contributions consisted primarily of donated space at various schools, donated wages for crew services, donated equipment, and donated items for the annual dinner.

ROCKY MOUNTAIN YOUTH CORPS  
Notes to Financial Statements (continued)  
June 30, 2010

2. Summary of Significant Accounting Policies (continued)

I. Donor-Restricted Gifts

Unconditional promises to give cash and other assets to RMYC are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the conditions are satisfied. Gifts received with donor stipulations that limit the use of the donated assets are reported as either temporarily or permanently restricted supported. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished by RMYC, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

J. Income Taxes

RMYC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. RMYC has been classified as other than a private foundation.

K. Advertising Cost

Advertising costs are expensed as incurred. For the years ending June 30, 2010 and 2009, advertising expense amounted to \$7,791 and \$12,730, respectively.

L. Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of operations and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

M. Use of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates may also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

ROCKY MOUNTAIN YOUTH CORPS  
Notes to Financial Statements (continued)  
June 30, 2010

2. Summary of Significant Accounting Policies (continued)

N. Risk Management

RMYC is exposed to various risks of loss and torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses, natural disasters, and accident benefits. It is the policy of, and RMYC has, obtained commercial insurance coverage to protect itself against such losses.

O. Reclassification

Certain reclassifications have been made to the June 30, 2009 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

3. Endowment Investments

Changes in endowment net assets as of June 30, 2010 are as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 13,005	6,628	19,633
Investment income (loss)	4	2	6
Net appreciation (depreciation)	1,692	863	2,555
Fees	(112)	(54)	(166)
Endowment net assets, end of year	<u>\$ 14,589</u>	<u>7,439</u>	<u>22,028</u>

Changes in endowment net assets as of June 30, 2009 are as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 16,166	8,162	24,328
Investment income (loss)	(29)	-	(29)
Net appreciation (depreciation)	(3,013)	(1,534)	(4,547)
Fees	(119)	-	(119)
Endowment net assets, end of year	<u>\$ 13,005</u>	<u>6,628</u>	<u>19,633</u>

ROCKY MOUNTAIN YOUTH CORPS  
Notes to Financial Statements (continued)  
June 30, 2010

4. Property and Equipment

Property and equipment activity was as follows for the years ending June 30:

	<u>2010</u>	<u>2009</u>
Property and equipment, not depreciated:		
Land	\$ 262,633	262,633
Property and equipment, depreciated:		
Furniture and fixtures	76,637	112,217
Vehicles	228,893	169,137
Wood-shop equipment	2,645	2,645
Ropes course	58,878	58,878
Total, depreciated	<u>367,053</u>	<u>342,877</u>
Total accumulated depreciation	<u>(229,215)</u>	<u>(239,539)</u>
Total property and equipment, depreciated, net	<u>137,838</u>	<u>103,338</u>
Total property and equipment, net	\$ <u>400,471</u>	<u>365,971</u>

Depreciation expense for the years ended June 30, 2010 and 2009 amounted to \$42,971 and \$39,208, respectively.

5. Line of Credit

The line of credit account consists of the following at June 30:

	<u>2010</u>	<u>2009</u>
A \$200,000 revolving line of credit payable to a bank; interest at 6.25% per annum; expires December 25, 2010, secured by real estate.	\$ <u>34,500</u>	<u>92,500</u>

6. Mortgage Payable

The mortgage payable consists of the following at June 30:

	<u>2010</u>	<u>2009</u>
Mortgage payable to an individual trust; yearly principal payment of \$9,872, plus interest at 5.26% per annum; balance of principal is due May 2012; secured by real estate.	\$ 19,744	29,618
Less: current portion	<u>9,872</u>	<u>9,873</u>
Long-term portion	\$ <u>9,872</u>	<u>19,745</u>

ROCKY MOUNTAIN YOUTH CORPS  
Notes to Financial Statements (continued)  
June 30, 2010

6. Mortgage Payable (continued)

The future scheduled maturities of debt are as follows:

Year ending June 30:		
2011	\$	9,872
2012 and thereafter		<u>9,872</u>
Total	\$	<u>19,744</u>

7. Donated Assets and Services

Generally accepted accounting principles require that professional service hours (attorney, accountants, etc.) be recorded in the financial statements, but not volunteer hours. Volunteers and board members have donated significant amounts of their time to RMYC's programs. There were no services that met the criteria of professional service hours and thus there were no such amounts required to be recorded in the financial statements.

8. Concentrations of Credit, Market, and Business Risk

*Geographical Concentration.* RMYC's operations are limited to the northern part of the state of New Mexico and extreme southern parts of the state of Colorado.

*Grants and Accounts Receivable and Revenue Concentration.* Substantially all of RMYC's revenues are from grants and contracts. Federal grant revenue accounted for 31% and 41% of total revenues at June 30, 2010 and 2009, respectively; state grant revenues accounted for 21% and 26% of total revenues at June 30, 2010 and 2009, respectively; private grant revenues accounted for 23% and 6% of total revenues at June 30, 2010 and 2009, respectively. RMYC depends on these funding sources continuing to provide services in future years.

9. Lease Obligations

RMYC leases the office space it occupies from a third party. RMYC signed a one year cancelable lease in June of 2006, with five one year lease renewal options. Rent is \$26,112 per year, subject to increases in the Consumer Price Index.

10. Retirement Plan

RMYC provides retirement benefits to its employees through a SIMPLE IRA contribution plan covering all full-time employees with 90 days of eligible experience. RMYC matches employee contributions to a maximum of 3% of gross wages. Employer contributions to the plan during the years ended June 30, 2010 and 2009 were \$7,944 and \$3,696, respectively.

ROCKY MOUNTAIN YOUTH CORPS  
Notes to Financial Statements (continued)  
June 30, 2010

11. Grant Contingencies

RMYC receives federal grant funds passed through state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. No such expenditures were identified during the years ending June 30, 2010 and 2009.

12. Related Party Transactions

RMYC's Executive Director is a Board Member of Taos Youth Collaborative (TYC). During the year, certain RMYC personnel devoted their time on activities that benefitted TYC. In addition, RMYC from time to time will pay expenses on behalf of TYC which resulted in an amount due from TYC of \$447 and \$2,872 at June 30, 2010 and 2009, respectively.

13. Fair Value Measurements

RMYC uses fair value concepts to test various long-lived assets and liabilities for impairment on a non-recurring basis. As of year-end, it is the judgment of management that none of RMYC's assets or liabilities require an adjustment to be stated at fair value.

14. Subsequent Events

On October 15, 2010, RMYC entered in to a real estate lease agreement with a third party. The lease calls for an initial two-year term beginning November 1, 2010 with monthly payments of \$3,000.

Management has evaluated subsequent events through December 15, 2010, the date which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

ROCKY MOUNTAIN YOUTH CORPS  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2010

Grantor Agency and Grant Title	Pass-Thru Entity ID #	Federal CFDA Number	Federal Expenditures
U.S. Corporation for National and Community Service			
Passed through from the New Mexico Children, Youth and Families Department (NMCYFD):			
AmeriCorps Formula (2009)	09-690-8623	94.006	\$ 116,879
AmeriCorps Formula (2010)	10-690-999-02005	94.006	91,775
AmeriCorps - ARRA	10-690-999-02005	94.006	<u>192,108</u>
Subtotal NMCYFD			400,762
Southwest Conservation Corps			
Learn and Service America	10LS109779	94.004	9,000
AmeriCorps MACC	None	94.006	<u>49,251</u>
Total U.S. Corporation for National and Community Service			459,013
U.S. Department of Agriculture			
Collaborative Forest Restoration Program		10.679	180,986
U.S. Department of Transportation			
Passed through from the New Mexico Energy, Minerals, and Natural Resources Department:			
Dos Arroyos Trail	07-521-0551000000-0255	20.219	53,955
U.S. Department of Interior, Bureau of Land Management			
Passed through from the New Mexico Association of Counties			
National Fire Plan - Wildland Urban Interface Community Fire Assistance	None	15.228	<u>8,092</u>
Total expenditures of federal awards			\$ <u>702,046</u>

**Note to Schedule of Expenditures of Federal Awards:**

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of RMYC. The schedule is presented on the accrual basis of accounting, which is the same basis that was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*.



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 of  
Rocky Mountain Youth Corps  
Ranchos de Taos, New Mexico

We have audited the financial statements of Rocky Mountain Youth Corps (RMYC), a non-profit organization, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in a normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RMYC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters that we reported to the management of RMYC in a separate letter dated December 15, 2010.

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

*Burt & Company CPAs, LLC*  
Burt & Company CPAs, LLC

December 15, 2010



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

To the Board of Directors of  
Rocky Mountain Youth Corps  
Ranchos de Taos, New Mexico

Compliance

We have audited the compliance of Rocky Mountain Youth Corps (RMYC), a non-profit organization, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. RMYC's major federal programs are identified in the summary of auditors' results section in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of RMYC's management. Our responsibility is to express an opinion on RMYC's compliance based on our audit.

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

In our opinion, RMYC complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of RMYC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable

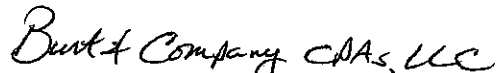
to federal programs. In planning and performing our audit, we considered RMYC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

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

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

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

  
Burt & Company CPAs, LLC

December 15, 2010



ROCKY MOUNTAIN YOUTH CORPS  
Schedule of Findings and Questioned Costs (continued)  
June 30, 2010

**SECTION II – FINANCIAL STATEMENT FINDINGS – PRIOR YEAR**

2009-1: Unemployment Taxes Past Due (Resolved)  
2009-2: Controls Over Cash Disbursements (Resolved)

**SECTION III – FINANCIAL STATEMENT FINDINGS**

None.

**SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.