

**Rocky Mountain Youth Corps**

**FINANCIAL STATEMENTS**

**June 30, 2018 and 2017**

## **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, 2018 and 2017, 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, 2018 and 2017, 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, 2018, 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 23, 2018

  
Pulakos CPAs, PC

# Rocky Mountain Youth Corps

## STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

| <b>Assets</b>                     | <b>2018</b>         | <b>2017</b>       |
|-----------------------------------|---------------------|-------------------|
| Current assets                    |                     |                   |
| Cash                              | \$ 118,217          | \$ 60,830         |
| Grants receivable                 | 463,517             | 340,257           |
| Inventories                       | 10,013              | 4,213             |
| Deposits                          | 3,000               | 3,050             |
| Prepaid expenses                  | 25,276              | 13,666            |
| Total current assets              | 620,023             | 422,016           |
| Property and equipment, net       | 535,196             | 473,383           |
| Total assets                      | <u>\$ 1,155,219</u> | <u>\$ 895,399</u> |
| <b>Liabilities and Net Assets</b> |                     |                   |
| Current liabilities               |                     |                   |
| Accounts payable                  | \$ 98,988           | \$ 53,889         |
| Accrued payroll and related taxes | 82,037              | 124,418           |
| Deferred revenue                  | 118,475             | 6,317             |
| Compensated absences              | 18,623              | 15,225            |
| Total current liabilities         | 318,123             | 199,849           |
| Net assets                        |                     |                   |
| Unrestricted                      | 812,096             | 670,550           |
| Temporarily restricted            | 25,000              | 25,000            |
| Total net assets                  | 837,096             | 695,550           |
| Total liabilities and net assets  | <u>\$ 1,155,219</u> | <u>\$ 895,399</u> |

## Rocky Mountain Youth Corps

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2018

|   | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
|---|--------------|---------------------------|---------------------------|--------------|
| <b>Revenues and gains and losses</b>                  |              |                           |                           |              |
| Federal and State grants and agreements               | \$ 1,308,158 | \$ -                      | \$ -                      | \$ 1,308,158 |
| Other grants and agreements                           | 235,397      | -                         | -                         | 235,397      |
| Fee for service                                       | 1,158,170    | -                         | -                         | 1,158,170    |
| Contributions   | 20,954       | -                         | -                         | 20,954       |
| Leadership, training fees and special events          | 19,641       | -                         | -                         | 19,641       |
| Interest and investment gain                          | 42           | -                         | -                         | 42           |
| Miscellaneous income                                  | 6,188        | -                         | -                         | 6,188        |
| Gain on sale of assets                                | 1,500        | -                         | -                         | 1,500        |
| Release from restriction                              | -            | -                         | -                         | -            |
| Total revenues and gains and losses                   | 2,750,050    | -                         | -                         | 2,750,050    |
| <b>Other support</b>                                  |              |                           |                           |              |
| In-kind contributions                                 | 173,871      | -                         | -                         | 173,871      |
| Total revenues, gains and losses<br>and other support | 2,923,921    | -                         | -                         | 2,923,921    |
| <b>Expenses</b>                                       |              |                           |                           |              |
| Program expenses                                      | 2,283,882    | -                         | -                         | 2,283,882    |
| General and administrative                            | 394,455      | -                         | -                         | 394,455      |
| Fundraising   | 104,038      | -                         | -                         | 104,038      |
| Total expenses  | 2,782,375    | -                         | -                         | 2,782,375    |
| Change in net assets                                  | 141,546      | -                         | -                         | 141,546      |
| Net assets, beginning of year                         | 670,550      | 25,000                    | -                         | 695,550      |
| Net assets, end of year                               | \$ 812,096   | \$ 25,000                 | \$ -                      | \$ 837,096   |

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, 2017

|  | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total      |
|--|--------------|---------------------------|---------------------------|------------|
| <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      |
|  | 2,413,035    | 25,000                    | -                         | 2,438,035  |
| <b>Other support</b>                         |              |                           |                           |            |
| In-kind contributions                        | 283,836      | -                         | -                         | 283,836    |
|  | 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     |
|  | 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    |
| Net assets, end of year                      | \$ 670,550   | \$ 25,000                 | \$ -                      | \$ 695,550 |

See Notes to Financial Statements and Independent Auditors' Report.

# Rocky Mountain Youth Corps

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2018 and 2017

|  | <u>2018</u>       | <u>2017</u>      |
|--|-------------------|------------------|
| Operating activities   |                   |                  |
| Change in net assets   | \$ 141,546        | \$ 93,860        |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                   |                  |
| Depreciation   | 25,770            | 27,008           |
| Gain on disposal of assets   | (1,500)           | (3,400)          |
| Changes in operating assets and liabilities  |                   |                  |
| Grants receivable  | (123,260)         | (130,282)        |
| Inventories  | (5,800)           | (648)            |
| Deposits   | 50                | (50)             |
| Prepaid expenses   | (11,610)          | 31,940           |
| Accounts payable   | 45,099            | 19,716           |
| Accrued payroll and related taxes  | (42,381)          | 17,012           |
| Deferred revenue   | 112,158           | (46,353)         |
| Compensated absences   | 3,398             | 3,791            |
| Net cash provided by operating activities  | <u>143,470</u>    | <u>12,594</u>    |
| Investing activities   |                   |                  |
| Purchases of property and equipment  | (87,583)          | (26,904)         |
| Proceeds from sale of equipment  | 1,500             | 3,400            |
| Net cash used by investing activities  | <u>(86,083)</u>   | <u>(23,504)</u>  |
| Net change in cash and cash equivalents  | 57,387            | (10,910)         |
| Cash and cash equivalents, beginning of year   | <u>60,830</u>     | <u>71,740</u>    |
| Cash and cash equivalents, end of year   | <u>\$ 118,217</u> | <u>\$ 60,830</u> |

# Rocky Mountain Youth Corps

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

|   | <b>Program<br/>Expenses</b> | <b>General and<br/>Administrative</b> | <b>Fundraising</b> | <b>Total<br/>Expenses</b> |
|---|-----------------------------|---------------------------------------|--------------------|---------------------------|
| Compensation and related<br>employee benefits | \$ 1,681,712                | \$ 250,023                            | \$ 83,678          | \$ 2,015,413              |
| In-kind expense                               | 172,597                     | 1,274                                 | -                  | 173,871                   |
| Transportation                                | 123,566                     | -                                     | -                  | 123,566                   |
| Supplies and materials                        | 89,753                      | 7,929                                 | 281                | 97,963                    |
| Professional services                         | 46,557                      | 41,543                                | 545                | 88,645                    |
| Lease expense                                 | 19,018                      | 35,518                                | 1,152              | 55,688                    |
| Insurance                                     | 22,081                      | 8,666                                 | 1,804              | 32,551                    |
| Training and education                        | 25,397                      | 2,681                                 | 217                | 28,295                    |
| Dues and subscriptions                        | 13,550                      | 11,118                                | 1,221              | 25,889                    |
| Depreciation                                  | 21,066                      | 4,539                                 | 165                | 25,770                    |
| Travel  | 20,173                      | 4,417                                 | 506                | 25,096                    |
| Evaluation                                    | 23,660                      | -                                     | -                  | 23,660                    |
| Advertising and promotion                     | 15,309                      | 719                                   | 1,172              | 17,200                    |
| Miscellaneous                                 | 1,884                       | 11,744                                | 385                | 14,013                    |
| Special events                                | -                           | -                                     | 9,992              | 9,992                     |
| Telephone                                     | 1,933                       | 7,901                                 | -                  | 9,834                     |
| Printing and copying                          | 1,760                       | 3,498                                 | 2,836              | 8,094                     |
| Maintenance and repairs                       | 45                          | 2,289                                 | -                  | 2,334                     |
| Utilities                                     | 1,381                       | 1,411                                 | 84                 | 2,876                     |
| Uniforms                                      | 2,440                       | (815)                                 | -                  | 1,625                     |
|   | <b>\$ 2,283,882</b>         | <b>\$ 394,455</b>                     | <b>\$ 104,038</b>  | <b>\$ 2,782,375</b>       |

# Rocky Mountain Youth Corps

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

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

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

### 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.

#### **Prevention Program**

A Taos area initiative to mitigate and prevent alcohol and drug abuse among the general population of the county and surrounding Native American Pueblos.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

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

#### 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 2018 and 2017, respectively.

#### 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.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

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

#### 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 \$173,871 and \$283,836 in 2018 and 2017, 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.

#### 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 \$17,200 and \$21,944 in 2018 and 2017, 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:

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

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

#### Fair Value Measurements – Continued

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.

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, 2018 and 2017, respectively. 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 2018 or 2017, respectively.

Currently, RMYC's 2015, 2016, and 2017 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 2018 and 2017, respectively.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

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

#### 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.

#### 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, 2018 through October 23, 2018, 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, 2018 and 2017, property and equipment consisted of the following:

|                                   | <u>2018</u>       | <u>2017</u>       |
|-----------------------------------|-------------------|-------------------|
| Vehicles, tools and equipment     | \$ 361,672        | \$ 364,694        |
| Ropes course                      | 57,454            | 57,454            |
| Furniture and fixtures            | <u>17,418</u>     | <u>17,418</u>     |
|                                   | 436,544           | 439,566           |
| Less accumulated depreciation     | <u>(383,056)</u>  | <u>(371,943)</u>  |
|                                   | 53,488            | 67,623            |
| Construction in progress          | 219,075           | 143,127           |
| Land                              | <u>262,633</u>    | <u>262,633</u>    |
| Total property and equipment, net | <u>\$ 535,196</u> | <u>\$ 473,383</u> |

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

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

### NOTE 4 – LINE-OF-CREDIT

RMYC has a revolving line-of-credit for up to \$250,000 secured by real estate, with interest at 6.25% and a maturity date of May 2019. The outstanding balance was zero at June 30, 2018 and 2017, respectively.

### 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 2018.

### 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 \$2,075 and \$4,051 to this plan in 2018 and 2017, respectively.

### NOTE 7 – LEASES

RMYC's current operating facility lease agreement calls for monthly payments of \$3,300 and expires October 31, 2019. RMYC is also party to two office copier leases, an alarm system lease, and payroll service lease, which expire at various points from February 2020 through May 2023 and call for monthly payments ranging from \$58 to \$1,306 each. RMYC is also party to a payroll service lease on month-to-month terms with bi-weekly payments of \$319. Total rent expense under these leases was \$52,306 and \$50,665 in 2018 and 2017, respectively.

Future minimum fiscal year lease payments are as follows:

|       |    |                |
|-------|----|----------------|
| 2019  | \$ | 60,629         |
| 2020  |    | 29,005         |
| 2021  |    | 5,359          |
| 2022  |    | 5,359          |
| 2023  |    | <u>4,000</u>   |
| Total | \$ | <u>104,352</u> |

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

### 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 47% and 37% in 2018 and 2017, respectively, of its gross revenues from such grants and contracts. Related receivables were approximately 98% and 94% of total receivables as of June 30, 2018 and 2017, 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, 2018 and 2017, no amounts were due to grantor agencies as a result of these examinations.

### NOTE 9 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS - NOT-FOR-PROFIT REPORTING FRAMEWORK

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) - Presentation of Financial Statements for Not-for-Profit Entities. The main provisions of the ASU require a not-for-profit entity to present two asset classes (with and without donor restrictions), requires a classified balance sheet, requires additional qualitative and quantitative information regarding how the entity manages its liquid resources including the restrictions that affect the use of those resources, requires disclosure of expenses by both their natural classification and their functional classification, methods used to allocate costs among program and supporting functions, as well as other various additional disclosure requirements. The ASU is effective for RMYC's year end June 30, 2019. Management has evaluated the impact of the statement and has determined that the accounting information systems are sufficient to implement the effects of this ASU.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

# Rocky Mountain Youth Corps

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title                    | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor<br>Number | Expenditures        |
|---|---------------------------|-----------------------------------|---------------------|
| <b>U.S. Corporation for National and Community Service</b>                    |                           |                                   |                     |
| Passed through from the New Mexico Department of Workforce Solutions (NMDWS): |                           |                                   |                     |
| AmeriCorps Formula (2016-17)  | 94.006                    | 16-631-7003-00032A                | \$ 74,999           |
| AmeriCorps Formula (2017-18)  | 94.006                    | 17-631-7004-00038B                | <u>484,258</u>      |
| Total NMDWS   |                           |                                   | 559,257             |
| CNCS Disaster Response (Florida)  | 94.020                    | 4337DR-FL-CNCS-02                 | 73,244              |
| CNCS Disaster Response (Texas)  | 94.020                    | 4337DR-TX-CNCS-07                 | <u>225,287</u>      |
| Total CNCS Disaster   |                           |                                   | <u>298,531</u>      |
| Total U.S. Corporation for National and Community Service                     |                           |                                   | 857,788             |
| <b>U.S. Department of Agriculture</b>   |                           |                                   |                     |
| Community Forestry Restoration Program  | 10.679                    | 16-DG-11030200-016                | 63,994              |
| <b>U.S. Fish and Wildlife Service</b>   |                           |                                   |                     |
| Conservation Program  | 15.6756                   | F15AC00382                        | 278,209             |
| <b>U.S. Department of the Interior:</b>                                       |                           |                                   |                     |
| <b>Bureau of Land Management</b>  |                           |                                   |                     |
| Northern NM Youth Corps 2017  | 15.225                    | L14AC00061-0006                   | 6,699               |
| Northern NM Youth Corps 2018  | 15.225                    | L14AC00061-0007                   | 20,000              |
| Northern NM Youth Corps 2018-2019   | 15.225                    | L14AC00061-0009                   | 4,144               |
| NMAC Wildfire Risk Reduction Grant Program                                    | 15.228                    | L14AS00201                        | <u>25,000</u>       |
| Total U.S. Department of the Interior   |                           |                                   | 55,843              |
| <b>National Park Service</b>  |                           |                                   |                     |
| HOPE Old Santa Fe Trail Building Bandelier                                    | 15.931                    | P17AC00861 (P15AC00022)           | 42,712              |
| American Sign Language Support  | 15.931                    | P18AC00224 (P15AC00022)           | 22,116              |
| Valles Caldera Thinning 2017-2019   | 15.931                    | P17AC01006 (P15AC00022)           | 12,867              |
| Bandelier Preservation Project Summer 2017                                    | 15.931                    | P17AC00319 (P15AC00022)           | 37,005              |
| Bandelier Conservation Project Summer 2017                                    | 15.931                    | P17AC00318 (P15AC00022)           | 42,062              |
| Bandelier Conservation Project Summer 2018                                    | 15.931                    | P18AC00500 (P15AC00022)           | 42,421              |
| Salinas Pueblo Missions Nat'l Monument 2017                                   | 15.931                    | P17AC00630 (P15AC00022)           | 46,084              |
| Salinas Pueblo Missions Nat'l Monument 2018                                   | 15.931                    | P18AC00619 (P15AC00022)           | <u>7,252</u>        |
| Total National Park Service   |                           |                                   | 252,519             |
| <b>U.S. Department of Housing and Urban Development</b>                       |                           |                                   |                     |
| Economic Development Initiative   | 14.251                    | N/A                               | <u>78,683</u>       |
| Total federal expenditures  |                           |                                   | <u>\$ 1,587,036</u> |

# Rocky Mountain Youth Corps

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

### 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 June 30, 2018. 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 and changes in net assets, cash flows or functional expenses 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 not 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, 2018, 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 23, 2018.

**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. 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.

## 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*.

## 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 23, 2018

  
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, 2018. 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, 2018.

## 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 23, 2018

  
Pulakos CPAs, PC

# Rocky Mountain Youth Corps

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

### SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes  X  No

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes  X  No

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes  X  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  X  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  X  No

# Rocky Mountain Youth Corps

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

### SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

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

NONE

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

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

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

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

**Current Status:**              No similar findings were noted during the 2018 audit.