

**DALE ROGERS TRAINING
CENTER, INC.**

June 30, 2010

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

FINANCIAL STATEMENTS

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REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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Independent Auditors' Report

The Board of Directors
Dale Rogers Training Center, Inc.
Oklahoma City, Oklahoma

We have audited the accompanying statements of financial position of Dale Rogers Training Center, Inc. (an Oklahoma nonprofit corporation) (the "Organization") as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 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 Dale Rogers Training Center, Inc., 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 a report dated December 20, 2010, on our consideration of Dale Rogers Training Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 20, 2010

STATEMENTS OF FINANCIAL POSITION

DALE ROGERS TRAINING CENTER, INC.

	June 30	
	2010	2009
ASSETS		
Cash and cash equivalents	\$ 3,453,807	\$ 3,480,158
Investments	826,595	739,684
Contracts receivable	1,907,750	1,511,585
Accounts receivable	165,537	156,368
Inventory	189,746	26,530
Prepaid expenses	229,525	136,862
TOTAL CURRENT ASSETS	6,772,960	6,051,187
PROPERTY AND EQUIPMENT, net	2,460,570	2,110,194
OTHER NON-CURRENT ASSETS		
Beneficial interest in assets held by others	39,379	23,515
Goodwill	94,786	-
Other intangible assets	26,383	-
	160,548	23,515
TOTAL ASSETS	\$ 9,394,078	\$ 8,184,896
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 324,052	\$ 280,634
Accrued expenses	644,603	439,231
Other liabilities	65,838	27,932
Current maturities of long-term debt	32,772	32,772
TOTAL CURRENT LIABILITIES	1,067,265	780,569
LONG-TERM DEBT, less current maturities	13,648	46,420
NET ASSETS		
Unrestricted	5,746,654	5,076,550
Unrestricted - Board designated	2,381,174	2,056,020
Temporarily restricted	110,385	150,385
Permanently restricted	74,952	74,952
	8,313,165	7,357,907
	\$ 9,394,078	\$ 8,184,896

See notes to financial statements.

STATEMENTS OF ACTIVITIES

DALE ROGERS TRAINING CENTER, INC.

	Year Ended June 30, 2010				Year Ended June 30, 2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Cash contributions	\$ 52,715	\$ 300	\$ -	\$ 53,015	\$ 4,309	\$ 33,626	\$ -	\$ 37,935
Non cash contributions	-	-	-	-	6,470	-	-	6,470
NISH contracts	11,194,141	-	-	11,194,141	11,478,625	-	-	11,478,625
Federal contract	217,689	-	-	217,689	249,705	-	-	249,705
Allocated by United Way	-	136,331	-	136,331	-	137,181	-	137,181
Federal and state financial assistance	1,866,724	-	-	1,866,724	1,639,531	-	-	1,639,531
Revenue from acrylic sales, yard maintenance and other labor	716,827	-	-	716,827	711,219	-	-	711,219
Investment income (loss)	103,732	-	-	103,732	(103,547)	-	-	(103,547)
Distributions from OCCF	-	-	-	-	15,768	-	-	15,768
Auxillary services	15,275	-	-	15,275	20,705	-	-	20,705
Camp Tumbleweed	19,150	-	-	19,150	15,425	-	-	15,425
Miscellaneous	49,352	-	-	49,352	21,253	-	-	21,253
Net assets released from restrictions:								
Satisfaction of program and donor restrictions	176,631	(176,631)	-	-	171,307	(171,307)	-	-
TOTAL REVENUES AND SUPPORT	14,412,236	(40,000)	-	14,372,236	14,230,770	(500)	-	14,230,270
EXPENSES AND DISTRIBUTIONS								
Tinker work project/food service	2,191,111	-	-	2,191,111	2,162,135	-	-	2,162,135
Altus work project/food service	823,181	-	-	823,181	823,766	-	-	823,766
Tinker work project/custodial	3,506,077	-	-	3,506,077	3,543,504	-	-	3,543,504
Tinker work project/administration custodial	2,656,607	-	-	2,656,607	3,035,165	-	-	3,035,165
GSA custodial	821,300	-	-	821,300	843,226	-	-	843,226
US Marshal custodial	35,169	-	-	35,169	-	-	-	-
Lockheed Martin partnership	135,108	-	-	135,108	171,047	-	-	171,047
Workshop program	1,507,163	-	-	1,507,163	1,526,064	-	-	1,526,064
Mobile workforce program	185,075	-	-	185,075	182,032	-	-	182,032
Employment Services program	666,066	-	-	666,066	604,656	-	-	604,656
Transition/Camp Tumbleweed program	203,704	-	-	203,704	168,914	-	-	168,914
Special needs program	185,622	-	-	185,622	169,611	-	-	169,611
Auxillary services	117,925	-	-	117,925	52,927	-	-	52,927
Management and general	382,870	-	-	382,870	247,452	-	-	247,452
TOTAL EXPENSES AND DISTRIBUTIONS	13,416,978	-	-	13,416,978	13,530,499	-	-	13,530,499
CHANGE IN NET ASSETS	995,258	(40,000)		955,258	700,271	(500)		699,771
NET ASSETS AT BEGINNING OF YEAR	7,132,570	150,385	74,952	7,357,907	6,432,299	150,885	74,952	6,658,136
NET ASSETS AT END OF YEAR	\$ 8,127,828	\$ 110,385	\$ 74,952	\$ 8,313,165	\$ 7,132,570	\$ 150,385	\$ 74,952	\$ 7,357,907

See notes to financial statements.

STATEMENTS OF CASH FLOWS

DALE ROGERS TRAINING CENTER

	Year Ended June 30	
	2010	2009
OPERATING ACTIVITIES		
Increase in net assets	\$ 955,258	\$ 699,771
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	219,074	157,063
Gain on sale of property and equipment	(800)	-
Change in operating assets and liabilities		
Receivables	(405,334)	(165,055)
Inventory	(63,072)	4,792
Prepaid expenses	(92,663)	(21,718)
Accounts payable	43,418	(55,054)
Accrued expenses	243,278	(108,902)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>899,159</u>	<u>510,897</u>
INVESTING ACTIVITIES		
Purchase of Wyman Frame & Supply, Inc.	(270,000)	-
Purchase of investments	-	88,033
Sale of investments	(86,911)	-
Beneficial interest in third party	(15,864)	28,873
Proceeds from sale of property and equipment	800	-
Purchases of property and equipment	<u>(520,763)</u>	<u>(373,189)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(892,738)</u>	<u>(256,283)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	98,309
Payments on long-term debt	<u>(32,772)</u>	<u>(19,117)</u>
NET CASH PROVIDED BY (USED IN)		
INVESTING ACTIVITIES	<u>(32,772)</u>	<u>79,192</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(26,351)	333,806
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,480,158</u>	<u>3,146,352</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,453,807</u>	<u>\$ 3,480,158</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE A--NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Dale Rogers Training Center, Inc. (the "Organization") is a private, non-profit agency supporting people with disabilities through paid vocational training, in-house programs, and work opportunities, as well as competitive community employment and federal contracts in the Organization's designated geographical area.

On January 1, 1993, the Organization expanded its operations and contracted with the U.S. Air Force (NISH contract) to provide full food services for military dining facilities at Tinker Air Force Base in Midwest City, Oklahoma. Since the inception of this contract, Dale Rogers has entered into numerous contracts with Tinker Air Force Base, Altus Air Force Base, and GSA – Oklahoma City for full food services and/or custodial services. During the fiscal year, six contracts were in effect related to NISH making up approximately 78% of the Organization's revenues.

The remainder of the organization's revenues comes from a private facility service contract with Lockheed Martin Corporation, federal and state grants, various subcontracts with area businesses, sales of acrylic products, frames and framing supplies, and individual contributions.

On January 4, 2010, the Organization entered an asset purchase agreement to purchase certain equipment, inventory, supplies and customer lists of Wyman Frame & Supply, Inc. The purchase included approximately \$100,000 in inventory, \$46,000 in property and equipment, \$95,000 in goodwill and \$29,000 in other intangible assets. The organization will operate the business with the right to use the "Wyman" name.

Basis of Accounting: The financial statements of Dale Rogers Training Center, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. In the statement of activities, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred.

Accounting Standards Codification: The Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The ASC does not alter current accounting principles generally accepted in the United States of America ("GAAP"), but rather integrated existing accounting standards with other authoritative guidance. The ASC provides a single source of authoritative GAAP for nongovernmental entities and supersedes all other previously issued non-SEC accounting and reporting guidance. The adoption of the ASC did not have any effect on the Organization's financial statements.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE A--NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES--
Continued

Financial Statement Presentation: The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has classified its financial statements to present the three classes of net assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period received by the Organization. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

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

Fair Value Measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- | | |
|----------|---|
| Level 1: | Quoted prices in active markets for identical assets or liabilities; |
| Level 2: | Inputs that are derived principally from or corroborated by observable market data; and |
| Level 3: | Inputs that are unobservable and significant to the overall fair value measurement. |

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE A--NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES--
Continued

Fair Value Measurements--Continued: Financial assets and liabilities carried at fair value on a recurring basis include investment money market funds, equity mutual funds, fixed income funds and endowed funds held by the Oklahoma City Community Foundation.

Property and Equipment: It is the Organization's policy to capitalize property and equipment with a cost basis of over \$1,000. Lesser amounts or items that do not contribute value to future periods or extend the life of an asset are expensed. In addition, the threshold for capitalization increases for ground and building renovations to \$5,000.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Investments: Investments are stated at fair market value and consist primarily of mutual funds. Investments in marketable securities with readily determinable fair values are measured at fair value. Fair value is determined based on quoted market prices, if available, or by a reasonable estimate of fair value based on management's determination. Unrealized gains and losses are recognized in the change in net assets. The Organization has investments in various investment securities, which in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Further, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the Organization's financial statements.

Goodwill: Goodwill represents the excess cost over fair value of net assets acquired. Goodwill is tested for impairment at least annually. The result of the Organization's analysis did not require recognition of an impairment loss for the year ended June 30, 2010.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE A--NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES--
Continued

Beneficial Interest in Assets Held by Others: The Organization follows the ASC guidance which requires a not-for-profit organization that transfers assets to a community foundation and specifies itself as the beneficiary to recognize its beneficial interest in the assets transferred (see Note E). The Organization carries its beneficial interest in the assets held by the Oklahoma City Community Foundation, Inc. ("OCCF") at fair value.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Significant Estimates: Estimates that are particularly susceptible to significant change include the valuation of investments and beneficial interest in assets held by others. Investments in securities and beneficial interest in assets held by others in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments and beneficial interests, it is reasonably possible that changes in the values of these assets will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. Significant fluctuations in fair values could occur from year to year and the amounts the Organization will ultimately realize could differ materially.

Inventory: Inventory is made up of materials and supplies used in the production of acrylic products, frames and framing supplies. Other materials and supplies on hand are not considered significant and it is the Organization's policy to expense these items when purchased. Inventory is stated at the lower of cost or market using the first-in, first-out method.

Construction in Progress: The remaining balance in construction in progress relates to preliminary planning fees for long-term building construction directly east of the main facility.

Functional Allocation of Expenses: The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE A--NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES--
Continued

Accounting for Uncertain Tax Positions: The FASB issued new guidance on accounting for uncertainty in income taxes. The Organization adopted this new guidance for the year ended June 30, 2010. Management has evaluated the Organization's tax positions and concluded that the Association has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Concentrations of Credit Risk: Dale Rogers Training Center, Inc. maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. Dale Rogers Training Center, Inc. has not experienced any losses in such accounts. Dale Rogers Training Center, Inc. believes that it is not exposed to any significant credit risk on cash or cash equivalents maintained.

Reclassifications: Certain reclassifications have been made to the June 30, 2009, financial statements to conform to the classifications used at June 30, 2010.

Subsequent Events: Management has evaluated subsequent events through December 20, 2010, the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTE B--TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Construction of new building	\$ 110,385	\$ 110,385
Future special projects	-	40,000
	<u>\$ 110,385</u>	<u>\$ 150,385</u>

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE B--TEMPORARILY RESTRICTED NET ASSETS--Continued

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

	<u>2010</u>	<u>2009</u>
Software	\$ 40,000	\$ 32,151
Other expenses	300	1,975
United Way allocation	<u>136,331</u>	<u>137,181</u>
	<u>\$ 176,631</u>	<u>\$ 171,307</u>

NOTE C--CONTRACTS RECEIVABLE

As of June 30, 2010 and 2009, accounts receivable from contracts was composed of:

	<u>2010</u>	<u>2009</u>
Department of Human Services	\$ 211,661	\$ 163,796
NISH Contracts	1,586,989	1,329,635
Lockheed Martin Contract	<u>109,100</u>	<u>18,154</u>
	<u>\$ 1,907,750</u>	<u>\$ 1,511,585</u>

No allowance is considered necessary for uncollectible accounts; therefore, the organization maintains the direct write-off method for uncollectible accounts. The Organization did not write-off any receivables during 2010 or 2009.

NOTE D--DESIGNATED FUNDS

The Organization has designated funds of \$2,566,511 for the year ended 2010 which is composed of \$74,952 permanently restricted net assets, \$110,385 temporarily restricted net assets and \$2,381,174 unrestricted but board designated net assets. This is an increase over the previous year funded by the NISH contract operation earnings that were designated for expansion, development and reserve purposes. The Organization's goal is to have a 60 to 90 day reserve due to the large cash flow requirements of the NISH contracts. Currently, the reserve balances are just over 30 days. These designated funds are not considered available for regular workshop program operations, but the Board could designate funds if workshop operating reserves were depleted.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE E--BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization participates in an endowment fund through the Oklahoma City Community Foundation ("OCCF"). OCCF is a not-for-profit entity that provides for endowed contributions to be pooled to maximize return on investments for the benefit of not-for-profit entities, as well as individual donors in the community who designate the beneficiaries of their contributions. Earnings on these endowed funds are paid annually to the beneficiary for unrestricted use. The Organization received investment distributions from OCCF of approximately \$16,000 for fiscal year ending 2009. For the fiscal year ending 2010, the Organization elected to forgo receiving the distribution and have those assets contributed back to the OCCF investment base.

OCCF maintains variance power over these funds. Variance power assures donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. OCCF also maintains legal ownership of the funds. However, accounting principles generally accepted in the United States of America require that the Organization reflect its beneficial interest in these assets in its financial statements. The endowed funds contributed by the Organization and the earnings thereon, net of distributions received, are reflected as endowed funds held by the OCCF and were recorded at \$39,379 and \$23,515 at June 30, 2010 and 2009, respectively. The endowment funds contributed by third-party donors held by OCCF designated for the benefit of the Organization were \$195,210 and \$180,650 at June 30, 2010 and 2009, respectively, and are not reflected in the Organization's statements of financial position.

NOTE F--LONG-TERM DEBT

Notes payable at June 30, 2010, require principal payments of \$2,731 per month through December 2011 at an interest rate of 0.0%. The total principal outstanding as of June 30, 2010 was \$46,420. At June 30, 2010, the aggregate future principal payments on long-term debt are as follows:

2011	\$	32,772
2012		<u>13,648</u>
	\$	<u>46,420</u>

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE G--FAIR VALUE MEASUREMENTS

The Organization's assets measured at fair value on a recurring basis are classified within the fair value hierarchy as follows:

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
ASSETS				
Money market funds	\$ 1,254	\$ -	\$ -	\$ 1,254
Equity mutual funds	545,784	-	-	545,784
Fixed income mutual funds	279,557	-	-	279,557
Total investments	826,595	-	-	826,595
Beneficial interest in assets held by others	-	-	39,379	39,379
Total assets measured at fair value on a recurring basis	<u>\$ 826,595</u>	<u>\$ -</u>	<u>\$ 39,379</u>	<u>\$ 865,974</u>
	June 30, 2009			
	Level 1	Level 2	Level 3	Total
ASSETS				
Money market funds	\$ 1,253	\$ -	\$ -	\$ 1,253
Equity mutual funds	486,933	-	-	486,933
Fixed income mutual funds	251,498	-	-	251,498
Total investments	739,684	-	-	739,684
Beneficial interest in assets held by others	-	-	23,515	23,515
Total assets measured at fair value on a recurring basis	<u>\$ 739,684</u>	<u>\$ -</u>	<u>\$ 23,515</u>	<u>\$ 763,199</u>

Following is a description of methodologies used for the classification of financial instruments measured at fair value on a recurring basis:

Investment money market funds, equity mutual funds and fixed income mutual funds: When quoted prices are available in an active market, securities are classified within Level 1 of the hierarchy. Money market funds and equity and fixed income mutual funds are classified within Level 1 of the hierarchy as the fair value is determined by the net asset value of the fund, which is publicly traded.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE G--FAIR VALUE MEASUREMENTS--Continued

Beneficial interest in assets held by others: Beneficial interests in assets held by others are primarily pooled investment funds held and managed by OCCF, which the Organization does not have the ability to redeem. Based on the methodology of determining fair value of beneficial interest in assets held by others and the non-redeemable nature of the assets, they are categorized as Level 3 within the hierarchy.

Change in the fair value of the Organization's Level 3 investments for the year ended June 30, 2010 and 2009 are as follows:

	Endowed Funds Held by Community Foundation	
	2010	2009
Beginning of year	\$ 23,515	\$ 29,377
Change in value of beneficial interest	15,864	(5,862)
End of year	<u>\$ 39,379</u>	<u>\$ 23,515</u>

The Foundation's investments in certain entities that calculate net asset value ("NAV") per share for which there is not a readily determinable fair market value include the following:

Beneficial Interest in Assets Held by Others: This investment is directed by the Community Foundation and is designed to achieve endowment returns consistent with the Community Foundation's adopted investment policies. The Community Foundation's investment portfolio consists of common and preferred stocks, asset backed obligations, mutual and index funds, government obligations, and cash equivalent funds. The beneficial interest cannot be redeemed at the current NAV as the Foundation is only the beneficiary of the investment earnings which are distributed in accordance with the Foundation's spending policy.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE H--PROPERTY AND EQUIPMENT

Property and equipment are stated at cost (or fair value if donated) as follows:

	June 30	
	2010	2009
Land	\$ 225,547	\$ 225,547
Buildings and improvements	2,440,441	2,155,927
Construction in progress	23,394	23,394
Machinery and equipment	1,714,772	1,492,068
Vehicles	429,987	378,157
	<u>4,834,141</u>	<u>4,275,093</u>
Less: accumulated depreciation	<u>(2,373,571)</u>	<u>(2,164,899)</u>
	<u>\$ 2,460,570</u>	<u>\$ 2,110,194</u>

Property and equipment are depreciated using the straight-line method. Depreciation expense was \$219,074 and \$157,063 in 2010 and 2009, respectively.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included as a component of the change in net assets.

NOTE I--OPERATING LEASE COMMITMENTS

As of June 30, 2010 the total remaining operating lease payments under non-cancelable operating leases, which pertain to office equipment and vehicles are as follows:

2011	\$ 46,819
2012	43,507
2013	36,453
2014	18,681
2015	11,174
	<u>\$ 156,634</u>

Rental expense under operating leases was \$39,805 and \$31,857, respectively, for the years ended June 30, 2010 and 2009.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2010

NOTE J--PENSION PLAN

The Organization provides a 403(b) retirement plan that is totally employee funded. The Organization does not make any contributions to the fund. Annual enrollment is offered to full time employees with a \$25 monthly minimum contribution required.

Independent Auditors' Report on Compliance and Other Matters and
on Internal Control Over Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Dale Rogers Training Center, Inc.
Oklahoma City, Oklahoma

We have audited the financial statements of Dale Rogers Training Center, Inc. (a nonprofit organization) (the "Organization"), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 20, 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 the Organization'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 the Organization'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 over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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*.

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

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 20, 2010

Independent Auditors' Report on Other Financial Information

The Board of Directors
Dale Rogers Training Center, Inc.
Oklahoma City, Oklahoma

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Dale Rogers Training Center, Inc. (an Oklahoma nonprofit corporation) for the years ended June 30, 2010 and 2009 taken as a whole. The other financial information has been subjected to the auditing procedures applied in the audits 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.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 20, 2010

SUPPLEMENTAL SCHEDULE OF REVENUES AND SUPPORT

DALE ROGERS TRAINING CENTER, INC.

FOR YEARS ENDED JUNE 30, 2010 AND 2009

	Vocational Services	Mobile Workforce	Employment Services	Transition/Camp Tumbleweed	Special Needs	Auxiliary Services	Mgmt.& General	Tinker Food Service	Altus Food Service	Tinker Custodial	Tinker Admin Custodial	GSA Custodial	US Marshal Custodial	Lockheed Martin Ptnshp	Total 2010	Total 2009
Federal and NISH contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,400,831	\$ 885,679	\$ 3,809,009	\$ 3,185,014	\$ 860,812	\$ 52,796	\$ 217,689	\$ 11,411,830	\$ 11,661,452
Sheltered Workshop - DDS	258,506	-	-	-	-	-	-	-	-	-	-	-	-	-	258,506	257,773
Center based waiver	253,986	-	-	-	-	-	-	-	-	-	-	-	-	-	253,986	275,682
Supplemental supports waiver	16,621	-	-	-	-	-	-	-	-	-	-	-	-	-	16,621	19,193
Adult day care - DDS	11,778	-	-	-	-	-	-	-	-	-	-	-	-	-	11,778	13,650
Homemaker waiver	5,691	-	-	-	-	-	-	-	-	-	-	-	-	-	5,691	4,238
Non-federal medical services	4,770	1,700	-	-	-	-	-	-	-	-	-	-	-	-	6,470	2,466
Community waiver services	-	53,712	-	-	-	-	-	-	-	-	-	-	-	-	53,712	49,086
Job coach waiver services	-	253,035	-	-	-	-	-	-	-	-	-	-	-	-	253,035	280,542
Mileage waiver services	-	9,969	-	-	-	-	-	-	-	-	-	-	-	-	9,969	11,182
Special needs - sup. support waiver	-	-	-	-	19,386	-	-	-	-	-	-	-	-	-	19,386	20,374
Special needs - direct supports waiver	-	-	-	-	3,547	-	-	-	-	-	-	-	-	-	3,547	-
Special needs - adult day care - DDS	-	-	-	-	1,242	-	-	-	-	-	-	-	-	-	1,242	1,758
Special needs - homemaker waiver	-	-	-	-	309	-	-	-	-	-	-	-	-	-	309	1,573
Special needs - center based waiver	-	-	-	-	70,157	-	-	-	-	-	-	-	-	-	70,157	69,021
Special needs - mileage waiver	-	-	-	-	163	-	-	-	-	-	-	-	-	-	163	201
Special needs - non fed medical	-	-	-	-	1,926	-	-	-	-	-	-	-	-	-	1,926	1,224
Supported employment - DRS	-	-	478,694	-	-	-	-	-	-	-	-	-	-	-	478,694	342,350
Employment and retention - DRS	-	-	215,170	-	-	-	-	-	-	-	-	-	-	-	215,170	97,860
Job placement - DRS	-	-	6,645	-	-	-	-	-	-	-	-	-	-	-	6,645	11,300
Support services - DRS	-	-	870	-	-	-	-	-	-	-	-	-	-	-	870	480
CIE - DDS	-	-	66,999	-	-	-	-	-	-	-	-	-	-	-	66,999	91,201
Job coach/stabilization waiver services	-	-	31,723	-	-	-	-	-	-	-	-	-	-	-	31,723	18,542
Transition school to work - DRS	-	-	-	89,408	-	-	-	-	-	-	-	-	-	-	89,408	64,965
Camp Tumbleweed - homemaker	-	-	-	3,742	-	-	-	-	-	-	-	-	-	-	3,742	4,870
Camp tumbleweed - private pay	-	-	-	19,150	-	-	-	-	-	-	-	-	-	-	19,150	15,425
Workshop sales	200,672	-	-	-	-	-	-	-	-	-	-	-	-	-	200,672	215,986
Acrylic sales	378,891	-	-	-	-	-	-	-	-	-	-	-	-	-	378,891	495,233
Frame sales	136,920	-	-	-	-	-	-	-	-	-	-	-	-	-	136,920	-
Online Store sales	344	-	-	-	-	-	-	-	-	-	-	-	-	-	344	-
Transportation	-	-	-	-	-	16,050	-	-	-	-	-	-	-	-	16,050	16,445
Day care	-	-	-	-	-	6,200	-	-	-	-	-	-	-	-	6,200	4,260
United Way allocation	51,066	-	-	13,212	16,411	55,642	-	-	-	-	-	-	-	-	136,331	137,181
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,378
Miscellaneous income	-	-	-	-	-	-	49,352	-	-	-	-	-	-	-	49,352	21,216
Designated contributions	-	-	-	-	-	-	300	-	-	-	-	-	-	-	300	33,626
Other revenue	75,798	19,024	47,810	6,712	5,773	1,330	-	-	-	-	-	-	-	-	156,447	(39,463)
Total Revenues and Support	\$ 1,395,043	\$ 337,440	\$ 847,911	\$ 132,224	\$ 118,914	\$ 79,222	\$ 49,652	\$ 2,400,831	\$ 885,679	\$ 3,809,009	\$ 3,185,014	\$ 860,812	\$ 52,796	\$ 217,689	\$ 14,372,236	\$ 14,230,270

See independent auditors' report on other financial information.

SUPPLEMENTAL SCHEDULE OF EXPENSES AND DISTRIBUTIONS

DALE ROGERS TRAINING CENTER, INC.

FOR YEARS ENDED JUNE 30, 2010 AND 2009

	Vocational Services	Mobile Workforce	Employment Services	Transition/ Camp Tumbleweed	Special Needs	Auxillary Services	Mgmt.& General	Tinker Food Service	Altus Food Service	Tinker Custodial	Tinker Admin Custodial	GSA Custodial	US Marshal Custodial	Lockheed Martin Ptnshp	Total 2010	Total 2009
Salaries	\$ 850,331	\$ 126,556	\$ 457,501	\$ 139,981	\$ 136,847	\$ 67,230	\$ 266,984	\$ 1,209,508	436,021	\$ 1,740,726	\$ 1,231,656	\$ 438,655	\$ 18,405	\$ 55,139	\$ 7,175,540	\$ 7,075,172
Payroll taxes	69,610	10,574	38,224	11,695	11,433	5,617	22,306	108,847	38,952	142,387	110,780	38,654	1,199	4,694	614,972	604,464
Employee benefits	41,878	7,619	27,542	8,427	8,238	4,047	16,073	392,983	183,692	513,170	375,088	129,035	4,605	19,119	1,731,516	1,702,303
Workers compensation	26,668	3,969	14,348	4,390	4,292	2,109	8,373	47,484	18,439	134,866	99,230	35,090	1,311	3,804	404,373	451,947
Total compensation	988,487	148,718	537,615	164,493	160,810	79,003	313,736	1,758,822	677,104	2,531,149	1,816,754	641,434	25,520	82,756	9,926,401	9,833,886
Professional fees	5,465	1,210	3,869	882	427	80	10,368	6,063	2,317	10,191	6,777	2,224	-	4	49,877	55,092
Contract services	27,877	236	-	5,007	930	-	34,376	-	-	2,136	83,641	1,875	-	-	156,078	452,246
NISH commission	-	-	-	-	-	-	-	90,268	33,005	142,236	120,482	31,550	2,027	-	419,568	427,728
Supplies	372,701	5,805	23,425	7,565	7,515	3,286	11,491	158,879	31,288	566,647	441,609	56,113	4,933	5,555	1,696,812	1,624,694
Telephone	13,439	2,445	8,839	2,704	2,644	1,299	5,158	3,854	2,173	9,802	9,905	7,811	1,060	6,290	77,423	68,379
Postage	5,690	1,035	3,742	1,145	1,119	550	2,184	127	68	148	75	-	-	-	15,883	12,122
Uniforms/rentals	-	-	-	-	-	-	-	35,155	21,942	34,863	8,309	2,395	-	-	102,664	110,999
Occupancy	31,538	5,738	20,742	6,346	6,204	3,048	12,104	-	-	423	30	11,386	-	1,548	99,107	89,728
Maintenance and repairs	9,938	1,808	6,536	2,000	1,955	960	3,814	53,529	11,196	5,467	3,432	1,697	7	2,672	105,011	101,974
Insurance	11,808	2,148	7,766	2,376	2,323	1,141	4,532	3,476	1,258	23,237	21,513	6,111	-	4,151	91,840	96,141
Printing and publications	3,045	764	1,921	270	232	53	-	-	-	-	-	-	-	-	6,285	15,444
Transportation	25,290	13,753	41,943	7,190	366	28,441	19,772	5,747	3,566	21,943	40,142	1,300	-	14,736	224,189	225,654
Conventions and meetings	1,268	268	315	563	767	-	9,265	1,673	66	15	1,467	-	-	55	15,722	11,517
Subscriptions/publications	-	-	-	-	-	-	1,202	-	-	-	-	-	-	-	1,202	610
Organizational dues	3,601	904	2,271	319	274	64	-	365	-	73	103	73	-	-	8,047	6,457
Recruitment/advertising	5,960	219	6,812	2,742	-	-	6,359	1,108	-	2,170	511	299	460	-	26,640	36,637
Miscellaneous expense	1,056	24	270	102	56	-	28,380	6,308	3,260	5,610	4,442	7,606	121	4,499	61,734	51,185
Equipment	-	-	-	-	-	-	17,858	4,218	170	33,035	12,745	12,213	-	1,034	81,273	135,717
Total operating expense	1,507,163	185,075	666,066	203,704	185,622	117,925	480,599	2,129,592	787,413	3,389,145	2,571,937	784,087	34,128	123,300	13,165,756	13,356,210
Overhead reimb/expense	-	-	-	-	-	-	(293,442)	59,313	34,339	91,571	70,759	33,298	1,041	3,122	1	1
Designated funds expense	-	-	-	-	-	-	29,756	-	-	-	-	-	-	-	29,756	16,402
Depreciation	-	-	-	-	-	-	163,566	2,206	1,429	25,361	13,911	3,915	-	8,686	219,074	157,933
Uncollectible accounts	-	-	-	-	-	-	2,391	-	-	-	-	-	-	-	2,391	(47)
Total Exp. And Dist.	\$ 1,507,163	\$ 185,075	\$ 666,066	\$ 203,704	\$ 185,622	\$ 117,925	\$ 382,870	\$ 2,191,111	\$ 823,181	\$ 3,506,077	\$ 2,656,607	\$ 821,300	\$ 35,169	\$ 135,108	\$ 13,416,978	\$ 13,530,499

See independent auditors' report on other financial information.

DDSD SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES

DALE ROGERS TRAINING CENTER, INC.

Homemaker Services

	June 30	
REVENUES	2010	2009
Contract/Grants		
Procedure Code S5130	\$ -	\$ -
Procedure Code S5130 SE	-	-
Procedure Code S5150	9,742	10,681
TOTAL REVENUES	9,742	10,681
EXPENSES		
Non-Administration Labor:		
Supervision Expenses	1,288	1,891
Homemaker Service Staff Regular Expenses	2,379	2,522
Homemaker Service Staff Overtime		
Premium & Related Benefits	-	-
Total Non-Admin. Labor	3,667	4,413
Administration	3,992	4,487
TOTAL EXPENSES	7,659	8,900
CHANGE IN NET ASSETS	\$ 2,083	\$ 1,781
Units of Service Provided	6,285	6,891
Number of Individuals Served (Unduplicated count)	20	23

See independent auditors' report on other financial information.

DDSD SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES--Continued

DALE ROGERS TRAINING CENTER, INC.

Transportation (for DDSD service recipients with waiver transportation authorizations only)

	June 30	
	2010	2009
REVENUES		
Revenues received through procedure code S0215	\$ 10,161	\$ 11,266
Revenues received through procedure code A0130	87	117
Revenues received through procedure code T2004	6,975	-
Other Revenues	-	-
TOTAL REVENUES	17,223	11,383
EXPENSES		
Adapted and Non Adapted Transportation Expense	6,389	6,166
Public Transportation Expense	-	-
	6,389	6,166
Administration Expense	7,057	4,782
TOTAL EXPENSES	13,446	10,948
CHANGE IN NET ASSETS	\$ 3,777	\$ 435
Number of Individuals Served (Unduplicated count)	46	38

See independent auditors' report on other financial information.

DDSD SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES--Continued

DALE ROGERS TRAINING CENTER, INC.

For the Year ended June 30, 2010

	June 30	
	2010	2009
<u>Other DDSD and all Non-DDSD</u>		
TOTAL REVENUES	\$ 14,345,271	\$ 14,208,206
TOTAL EXPENSES	<u>13,395,873</u>	<u>13,510,651</u>
CHANGE IN NET ASSETS	<u>\$ 949,398</u>	<u>\$ 697,555</u>

See independent auditors' report on other financial information.