

DALE ROGERS TRAINING CENTER, INC.

June 30, 2011

DALE ROGERS TRAINING CENTER, INC.

June 30, 2011

AUDITED 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, 2011 and 2010, 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, 2011 and 2010, 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 23, 2011, 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 23, 2011

STATEMENTS OF FINANCIAL POSITION

DALE ROGERS TRAINING CENTER, INC.

	June 30	
	2011	2010
ASSETS		
Cash and cash equivalents	\$ 4,400,866	\$ 3,453,807
Investments	981,980	826,595
Contracts receivable	1,505,919	1,907,750
Accounts receivable	132,410	165,537
Inventory	191,074	189,746
Prepaid expenses	157,732	229,525
TOTAL CURRENT ASSETS	7,369,981	6,772,960
PROPERTY AND EQUIPMENT, net	2,649,007	2,460,570
OTHER NON-CURRENT ASSETS		
Beneficial interest in assets held by others	45,493	39,379
Goodwill	94,786	94,786
Other intangible assets	24,186	26,383
	164,465	160,548
TOTAL ASSETS	<u>\$ 10,183,453</u>	<u>\$ 9,394,078</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 288,829	\$ 324,052
Accrued expenses	566,741	644,603
Other liabilities	11,916	65,838
Current maturities of long-term debt	13,647	32,772
TOTAL CURRENT LIABILITIES	881,133	1,067,265
LONG-TERM DEBT, less current maturities	-	13,648
NET ASSETS		
Unrestricted	5,249,647	5,746,654
Unrestricted - Board designated	3,867,212	2,381,174
Temporarily restricted	110,509	110,385
Permanently restricted	74,952	74,952
	9,302,320	8,313,165
	<u>\$ 10,183,453</u>	<u>\$ 9,394,078</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES

DALE ROGERS TRAINING CENTER, INC.

	Year Ended June 30, 2011				Year Ended June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Cash contributions	\$ 13,931	\$ 2,311	\$ -	\$ 16,242	\$ 52,715	\$ 300	\$ -	\$ 53,015
Non cash contributions	2,200	-	-	2,200	-	-	-	-
NISH contracts	11,075,562	-	-	11,075,562	11,194,141	-	-	11,194,141
Federal contract	214,932	-	-	214,932	217,689	-	-	217,689
Allocated by United Way	-	141,785	-	141,785	-	136,331	-	136,331
Federal and state financial assistance	2,075,658	-	-	2,075,658	1,866,724	-	-	1,866,724
Revenue from acrylic sales, yard maintenance and other labor	769,620	-	-	769,620	716,827	-	-	716,827
Investment income (loss)	167,165	-	-	167,165	103,732	-	-	103,732
Distributions from OCCF	13,518	-	-	13,518	-	-	-	-
Auxillary services	13,677	-	-	13,677	15,275	-	-	15,275
Camp Tumbleweed	17,624	-	-	17,624	19,150	-	-	19,150
Miscellaneous	28,169	-	-	28,169	49,352	-	-	49,352
Net assets released from restrictions:								
Satisfaction of program and donor restrictions	143,972	(143,972)	-	-	176,631	(176,631)	-	-
TOTAL REVENUES AND SUPPORT	14,536,028	124	-	14,536,152	14,412,236	(40,000)	-	14,372,236
EXPENSES AND DISTRIBUTIONS								
Tinker work project/food service	1,999,936	-	-	1,999,936	2,191,111	-	-	2,191,111
Altus work project/food service	861,242	-	-	861,242	823,181	-	-	823,181
Tinker work project/custodial	3,500,979	-	-	3,500,979	3,506,077	-	-	3,506,077
Tinker work project/administration custodial	2,611,992	-	-	2,611,992	2,656,607	-	-	2,656,607
GSA custodial	834,112	-	-	834,112	821,300	-	-	821,300
US Marshal custodial	42,232	-	-	42,232	35,169	-	-	35,169
AFRC/Mustang custodial	17,711	-	-	17,711				
AFRC/Norman custodial	19,901	-	-	19,901				
Lockheed Martin partnership	144,282	-	-	144,282	135,108	-	-	135,108
Workshop program	1,547,826	-	-	1,547,826	1,507,163	-	-	1,507,163
Mobile workforce program	166,176	-	-	166,176	185,075	-	-	185,075
Employment Services program	824,632	-	-	824,632	666,066	-	-	666,066
Transition/Camp Tumbleweed program	212,021	-	-	212,021	203,704	-	-	203,704
Special needs program	166,190	-	-	166,190	185,622	-	-	185,622
Auxillary services	113,984	-	-	113,984	117,925	-	-	117,925
Management and general	483,781	-	-	483,781	382,870	-	-	382,870
TOTAL EXPENSES AND DISTRIBUTIONS	13,546,997	-	-	13,546,997	13,416,978	-	-	13,416,978
CHANGE IN NET ASSETS	989,031	124		989,155	995,258	(40,000)		955,258
NET ASSETS AT BEGINNING OF YEAR	8,127,828	110,385	74,952	8,313,165	7,132,570	150,385	74,952	7,357,907
NET ASSETS AT END OF YEAR	\$ 9,116,859	\$ 110,509	\$ 74,952	\$ 9,302,320	\$ 8,127,828	\$ 110,385	\$ 74,952	\$ 8,313,165

See notes to financial statements.

STATEMENTS OF CASH FLOWS

DALE ROGERS TRAINING CENTER

	Year Ended June 30	
	2011	2010
OPERATING ACTIVITIES		
Increase in net assets	\$ 989,155	\$ 955,258
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	248,383	219,074
Gain on sale of property and equipment	(1,500)	(800)
Change in operating assets and liabilities		
Receivables	434,958	(405,334)
Inventory	(1,328)	(63,072)
Prepaid expenses	71,793	(92,663)
Accounts payable	(35,223)	43,418
Accrued expenses	(131,784)	243,278
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,574,454</u>	<u>899,159</u>
INVESTING ACTIVITIES		
Purchase of Wyman Frame & Supply, Inc.	-	(270,000)
Purchase of intangible assets	(3,400)	-
Purchase of investments	(155,385)	(86,911)
Beneficial interest in third party	(6,114)	(15,864)
Proceeds from sale of property and equipment	1,500	800
Purchases of property and equipment	(431,224)	(520,763)
NET CASH USED IN INVESTING ACTIVITIES	<u>(594,623)</u>	<u>(892,738)</u>
FINANCING ACTIVITIES		
Payments on long-term debt	(32,772)	(32,772)
NET CASH USED IN INVESTING ACTIVITIES	<u>(32,772)</u>	<u>(32,772)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	947,059	(26,351)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,453,807</u>	<u>3,480,158</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,400,866</u>	<u>\$ 3,453,807</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DALE ROGERS TRAINING CENTER, INC.

June 30, 2011

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 into 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. During the year ended June 30, 2011, the Organization purchased the "Wyman" name in the amount of \$3,400. The organization will operate the business with the right to use the "Wyman" name.

Basis of Accounting: The financial statements of the Organization 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 follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), which integrates existing accounting standards with other authoritative guidance. The ASC provides a single source of authoritative generally accepted accounting principles ("GAAP") for nongovernmental entities and supersedes all other previously issued non-SEC accounting reporting guidance.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2011

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, 2011

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 (OCCF).

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, 2011.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2011

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 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, 2011

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

Accounting for Uncertain Tax Positions: The Association follows ASC 740, which addresses the accounting for uncertainty in income taxes. Management has evaluated the Association'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 provision 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, 2010, financial statements to conform to the classifications used at June 30, 2011.

Subsequent Events: Management has evaluated subsequent events through December 23, 2011, 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 construction of a new building and were \$110,509 and 110,385 at December 31, 2011 and 2010, respectively.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2011

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>2011</u>	<u>2010</u>
Software	\$ -	\$ 40,000
Other expenses	2,187	300
United Way allocation	<u>141,785</u>	<u>136,331</u>
	<u>\$ 143,972</u>	<u>\$ 176,631</u>

NOTE C--CONTRACTS RECEIVABLE

As of June 30, 2011 and 2010, accounts receivable from contracts was composed of:

	<u>2011</u>	<u>2010</u>
Department of Human Services	\$ 244,450	\$ 211,661
NISH Contracts	1,246,062	1,586,989
Lockheed Martin Contract	<u>15,407</u>	<u>109,100</u>
	<u>\$ 1,505,919</u>	<u>\$ 1,907,750</u>

The Organization considers all receivables to be fully collectible. Accordingly, no allowance for uncollectible receivables has been provided at December 31, 2011 and 2010.

NOTE D--DESIGNATED FUNDS

The Organization has designated funds of \$3,867,212. This is an increase over the previous year funded by the NISH contract operation earnings that were designated by the Board 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, 2011

NOTE E--BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization participates in an endowment fund through the 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. 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. The Organization received investment distribution from OCCF of approximately \$14,000 for fiscal year ending 2011.

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 \$45,493 and \$39,379 at June 30, 2011 and 2010, respectively. The endowment funds contributed by third-party donors held by OCCF designated for the benefit of the Organization were \$195,210 at June 30, 2011 and 2010, and are not reflected in the Organization's statements of financial position.

NOTE F--LONG-TERM DEBT

Notes payable at June 30, 2011, require principal payments of \$2,731 per month through December 2012 at an interest rate of 0.0%. The total principal outstanding as of June 30, 2011 was \$13,647.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2011

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, 2011			
	Level 1	Level 2	Level 3	Total
ASSETS				
Money market funds	\$ 1,253	\$ -	\$ -	\$ 1,253
Equity mutual funds	689,874	-	-	689,874
Fixed income mutual funds	290,853	-	-	290,853
Total investments	981,980	-	-	981,980
Beneficial interest in assets held by others	-	-	45,493	45,493
Total assets measured at fair value on a recurring basis	<u>\$ 981,980</u>	<u>\$ -</u>	<u>\$ 45,493</u>	<u>\$ 1,027,473</u>
	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>

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, 2011

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, 2011 and 2010 are as follows:

	Endowed Funds Held by Community Foundation	
	2011	2010
Beginning of year	\$ 39,379	\$ 23,515
Change in value of beneficial interest	6,114	15,864
End of year	<u>\$ 45,493</u>	<u>\$ 39,379</u>

The Organization'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 OCCF and is designed to achieve endowment returns consistent with OCCF's adopted investment policies. OCCF'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 Organization is only the beneficiary of the investment earnings which are distributed in accordance with the spending policy.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2011

NOTE H--PROPERTY AND EQUIPMENT

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

	June 30	
	2011	2010
Land	\$ 225,547	\$ 225,547
Buildings and improvements	2,621,322	2,440,441
Construction in progress	23,394	23,394
Machinery and equipment	1,934,128	1,714,772
Vehicles	401,206	429,987
	5,205,597	4,834,141
Less: accumulated depreciation	(2,556,590)	(2,373,571)
	<u>\$ 2,649,007</u>	<u>\$ 2,460,570</u>

Property and equipment are depreciated using the straight-line method. Depreciation expense was \$248,383 and \$219,074 in 2011 and 2010, 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, 2011 the total remaining operating lease payments under non-cancelable operating leases, which pertain to office equipment and vehicles are as follows:

2012	41,770
2013	36,453
2014	18,681
2015	11,174
2016	-
	<u>\$ 108,078</u>

Rental expense under operating leases was \$52,670 and \$39,805, respectively, for the years ended June 30, 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS --Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2011

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 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*

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, 2011, and have issued our report thereon dated December 23, 2011. 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

Management of the Organization is responsible for establishing and maintaining effective 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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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 23, 2011

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, 2011 and 2010 taken as a whole. The other financial information, on pages 19 through 23 as listed in the table of contents, 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 23, 2011

SUPPLEMENTAL SCHEDULE OF REVENUES AND SUPPORT

DALE ROGERS TRAINING CENTER, INC.

FOR YEARS ENDED JUNE 30, 2011 AND 2010

	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	Armed Forces Reserve Mustang Custodial	Armed Forces Reserve Norman Custodial	Lockheed Martin Ptnshp	Total 2011	Total 2010
Federal and NISH contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,224,667	\$ 925,544	\$ 3,937,404	\$ 2,993,786	\$ 885,125	\$ 67,606	\$ 16,973	\$ 24,457	\$ 214,932	\$ 11,290,494	\$ 11,411,830
Sheltered Workshop - DDS	274,856	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	274,856	258,506
Center based waiver	261,960	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	261,960	253,986
Supplemental supports waiver	14,967	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,967	16,621
Adult day care - DDS	12,360	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,360	11,778
Homemaker waiver	4,442	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,442	5,691
Non-federal medical services	6,203	765	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,968	6,470
Community waiver services	-	40,604	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,604	53,712
Job coach waiver services	-	192,231	-	-	-	-	-	-	-	-	-	-	-	-	-	-	192,231	253,035
Mileage waiver services	-	8,228	137	-	-	-	-	-	-	-	-	-	-	-	-	-	8,365	9,969
Special needs - sup. support waiv	-	-	-	-	19,272	-	-	-	-	-	-	-	-	-	-	-	19,272	19,386
Special needs - direct supports waiv	-	-	-	-	4,171	-	-	-	-	-	-	-	-	-	-	-	4,171	3,547
Special needs - adult day care - D	-	-	-	-	1,392	-	-	-	-	-	-	-	-	-	-	-	1,392	1,242
Special needs - homemaker waiv	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	309
Special needs - center based waiv	-	-	-	-	71,487	-	-	-	-	-	-	-	-	-	-	-	71,487	70,157
Special needs - mileage waiver	-	-	-	-	189	-	-	-	-	-	-	-	-	-	-	-	189	163
Special needs - non fed medical	-	-	-	-	1,197	-	-	-	-	-	-	-	-	-	-	-	1,197	1,926
Supported employment - DRS	-	-	644,015	-	-	-	-	-	-	-	-	-	-	-	-	-	644,015	478,694
Employment and retension - DRS	-	-	290,174	-	-	-	-	-	-	-	-	-	-	-	-	-	290,174	215,170
Job placement - DRS	-	-	21,175	-	-	-	-	-	-	-	-	-	-	-	-	-	21,175	6,645
Support services - DRS	-	-	360	-	-	-	-	-	-	-	-	-	-	-	-	-	360	870
Ticket to Work - SSA	-	-	2,300	-	-	-	-	-	-	-	-	-	-	-	-	-	2,300	-
CIE - DDS	-	-	58,443	-	-	-	-	-	-	-	-	-	-	-	-	-	58,443	66,999
Job coach/stabilization waiver se	-	-	26,637	-	-	-	-	-	-	-	-	-	-	-	-	-	26,637	31,723
Transition school to work - DRS	-	-	-	105,090	-	-	-	-	-	-	-	-	-	-	-	-	105,090	89,408
Camp Tumbleweed - homemaker	-	-	-	3,328	-	-	-	-	-	-	-	-	-	-	-	-	3,328	3,742
Camp tumbleweed - private pay	-	-	-	17,624	-	-	-	-	-	-	-	-	-	-	-	-	17,624	19,150
Workshop sales	248,979	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	248,979	200,672
Acrylic sales	237,946	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,946	378,891
Frame sales	269,138	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	269,138	136,920
Online Store sales	1,830	-	-	-	-	-	11,727	-	-	-	-	-	-	-	-	-	13,557	344
Transportation - public waiver	-	-	-	-	-	9,675	-	-	-	-	-	-	-	-	-	-	9,675	16,050
Transportation - private pay	-	-	-	-	-	8,815	-	-	-	-	-	-	-	-	-	-	8,815	-
Day care - private pay	-	-	-	-	-	4,862	-	-	-	-	-	-	-	-	-	-	4,862	6,200
United Way allocation	56,520	-	-	13,212	16,411	55,642	-	-	-	-	-	-	-	-	-	-	141,785	136,331
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	28,169	-	-	-	-	-	-	-	-	-	28,169	49,352
Designated contributions	-	-	-	-	-	-	2,311	-	-	-	-	-	-	-	-	-	2,311	300
Other revenue	91,972	16,551	71,385	8,620	6,692	1,594	-	-	-	-	-	-	-	-	-	-	196,814	156,447
Total Revenues and Support	\$ 1,481,173	\$ 258,379	\$ 1,114,626	\$ 147,874	\$ 120,811	\$ 80,588	\$ 42,207	\$ 2,224,667	\$ 925,544	\$ 3,937,404	\$ 2,993,786	\$ 885,125	\$ 67,606	\$ 16,973	\$ 24,457	\$ 214,932	\$ 14,536,152	\$ 14,372,236

See independent auditors' report on other financial information.

SUPPLEMENTAL SCHEDULE OF EXPENSES AND DISTRIBUTIONS

DALE ROGERS TRAINING CENTER, INC.

FOR YEARS ENDED JUNE 30, 2011 AND 2010

	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	Armed Forces Reserve Mustang Custodial	Armed Forces Reserve Norman Custodial	Lockheed Martin Ptnshp	Total 2011	Total 2010
Salaries	\$ 878,379	\$ 114,171	\$ 553,214	\$ 146,976	\$ 116,219	\$ 62,575	\$ 301,880	\$ 1,142,793	472,362	\$ 1,749,954	\$ 1,188,702	\$ 452,251	\$ 22,371	\$ 8,615	\$ 7,625	\$ 63,829	\$ 7,281,916	\$ 7,175,540
Payroll taxes	70,676	9,372	45,414	12,065	9,541	5,137	24,783	102,726	41,858	146,074	104,357	40,190	1,839	555	734	5,736	621,057	614,972
Employee benefits	47,700	7,576	36,707	9,752	7,711	4,152	20,030	356,663	174,243	529,096	369,313	135,916	6,733	1,904	2,531	19,076	1,729,103	1,731,516
Workers compensation	28,366	3,687	17,865	4,746	3,753	2,021	9,748	40,963	16,693	132,098	89,495	33,784	1,754	513	679	4,437	390,602	404,373
Total compensation	1,025,121	134,806	653,200	173,539	137,224	73,885	356,441	1,643,145	705,156	2,557,222	1,751,867	662,141	32,697	11,587	11,569	93,078	10,022,678	9,926,401
Professional fees	6,578	1,151	6,684	839	572	103	5,002	6,348	2,386	9,211	6,641	2,393	-	-	-	397	48,305	49,877
Contract services	29,493	-	2,358	407	5,351	-	101,125	-	-	3,951	94,584	2,350	-	-	-	-	239,619	156,078
NISH commission	-	-	-	-	-	-	-	84,323	34,234	148,008	112,906	32,737	2,601	-	-	-	414,809	419,568
Supplies	342,840	4,926	26,368	7,839	6,728	3,086	12,244	114,990	31,754	523,621	495,487	57,012	4,495	2,944	4,095	5,769	1,644,198	1,696,812
Telephone	15,576	2,474	11,986	3,184	2,518	1,356	6,541	3,518	2,062	15,352	13,980	9,022	1,003	206	415	6,236	95,429	77,423
Postage	5,034	800	3,874	1,029	814	438	2,114	44	54	62	57	9	9	-	-	-	14,338	15,883
Uniforms/rentals	-	-	-	-	-	-	-	32,543	26,449	37,956	3,614	1,412	-	-	-	-	101,974	102,664
Occupancy	36,021	5,721	27,720	7,365	5,823	3,135	15,126	-	-	667	-	11,975	-	-	-	1,471	115,024	99,107
Maintenance and repairs	18,735	2,975	14,418	3,830	3,029	1,631	7,867	34,420	12,674	6,024	1,334	1,103	83	-	-	215	108,338	105,011
Insurance	12,781	2,030	9,836	2,613	2,066	1,113	5,366	3,487	1,219	23,710	19,731	6,077	59	101	101	3,630	93,920	91,840
Printing and publications	5,598	1,007	4,345	525	407	97	-	-	-	-	-	-	-	-	-	-	11,979	6,285
Transportation	35,828	9,565	51,956	8,511	492	29,083	13,258	4,393	4,186	20,065	23,714	888	-	-	-	17,326	219,265	224,189
Conventions and meetings	4,348	129	161	1,522	309	-	7,675	1,542	-	293	807	-	-	-	-	44	16,830	15,722
Subscriptions/publications	-	-	-	-	-	-	2,318	-	-	-	-	-	-	-	-	-	2,318	1,202
Organizational dues	3,287	592	2,552	308	239	57	-	350	-	105	295	105	-	-	-	-	7,890	8,047
Recruitment/advertising	6,001	-	8,719	400	593	-	9,052	4,435	-	9,533	815	-	-	-	-	-	39,548	26,640
Miscellaneous expense	585	-	455	110	25	-	25,133	3,626	3,034	6,261	3,180	7,183	86	-	-	4,008	53,686	61,734
Equipment	-	-	-	-	-	-	22,134	450	746	(11,536)	1,394	165	8	2,844	3,492	67	19,764	81,273
Total operating expense	1,547,826	166,176	824,632	212,021	166,190	113,984	591,396	1,937,614	823,954	3,350,505	2,530,406	794,572	41,041	17,682	19,672	132,241	13,269,912	13,165,756
Overhead reimb/expense	-	-	-	-	-	-	(309,827)	60,116	35,838	106,359	65,896	36,994	1,156	-	-	3,468	-	1
Designated funds expense	-	-	-	-	-	-	28,702	-	-	-	-	-	-	-	-	-	28,702	29,756
Depreciation	-	-	-	-	-	-	173,510	2,206	1,450	44,115	15,690	2,546	35	29	229	8,573	248,383	219,074
Uncollectible accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,391
Total Exp. And Dist.	\$ 1,547,826	\$ 166,176	\$ 824,632	\$ 212,021	\$ 166,190	\$ 113,984	\$ 483,781	\$ 1,999,936	\$ 861,242	\$ 3,500,979	\$ 2,611,992	\$ 834,112	\$ 42,232	\$ 17,711	\$ 19,901	\$ 144,282	\$ 13,546,997	\$ 13,416,978

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	2011	2010
Contract/Grants		
Procedure Code S5130	\$ -	\$ -
Procedure Code S5130 SE	-	-
Procedure Code S5150	7,770	9,742
TOTAL REVENUES	7,770	9,742
EXPENSES		
Non-Administration Labor:		
Supervision Expenses	1,103	1,288
Homemaker Service Staff Regular Expenses	2,115	2,379
Homemaker Service Staff Overtime		
Premium & Related Benefits	-	-
Total Non-Admin. Labor	3,218	3,667
Administration	3,186	3,992
TOTAL EXPENSES	6,404	7,659
CHANGE IN NET ASSETS	\$ 1,366	\$ 2,083
Units of Service Provided	3,453	6,285
Number of Individuals Served (Unduplicated count)	12	20

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	
	2011	2010
REVENUES		
Revenues received through procedure code S0215	\$ 8,480	\$ 10,161
Revenues received through procedure code A0130	74	87
Revenues received through procedure code T2004	9,675	6,975
Other Revenues	-	-
TOTAL REVENUES	18,229	17,223
EXPENSES		
Adapted and Non Adapted Transportation Expense	39,531	6,389
Public Transportation Expense	-	-
	39,531	6,389
Administration Expense	7,475	7,057
TOTAL EXPENSES	47,006	13,446
CHANGE IN NET ASSETS	\$ (28,777)	\$ 3,777
Number of Individuals Served (Unduplicated count)	49	46

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, 2011

	June 30	
	2011	2010
<u>Other DDSD and all Non-DDSD</u>		
TOTAL REVENUES	\$ 14,510,153	\$ 14,345,271
TOTAL EXPENSES	<u>13,493,588</u>	<u>13,395,873</u>
CHANGE IN NET ASSETS	<u>\$ 1,016,565</u>	<u>\$ 949,398</u>

See independent auditors' report on other financial information.