DALE ROGERS TRAINING CENTER, INC.

June 30, 2012

COLE + REED P.C.
CERTIFIED PUBLIC ACCOUNTANTS

DALE ROGERS TRAINING CENTER, INC.

June 30, 2012

AUDITED FINANCIAL STATEMENTS

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

OTHER FINANCIAL INFORMATION

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, 2012 and 2011, 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 theses 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, 2012 and 2011, 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 October 16, 2012, 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
October 16, 2012

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STATEMENTS OF FINANCIAL POSITION

DALE ROGERS TRAINING CENTER, INC.

	June 30 2012	June 30 2011
ASSETS		
Cash and cash equivalents	$ 4,604,374	$ 4,400,866
Investments	1,139,553	981,980
Contracts receivable	1,376,586	1,505,919
Accounts receivable	160,024	132,410
Inventory	202,028	191,074
Prepaid expenses	137,789	157,732
TOTAL CURRENT ASSETS	7,620,354	7,369,981
PROPERTY AND EQUIPMENT, net	3,544,814	2,649,007
OTHER NON-CURRENT ASSETS		
Beneficial interest in assets held by others	43,948	45,493
Goodwill	94,786	94,786
Other intangible assets	43,328	24,186
	182,062	164,465
TOTAL ASSETS	$ 11,347,230	$ 10,183,453
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 576,569	$ 288,829
Accrued expenses	654,883	566,741
Other liabilities	74,200	11,916
Current maturities of long-term debt	-	13,647
TOTAL LIABILITIES	1,305,652	881,133
NET ASSETS		
Unrestricted	5,920,768	5,249,647
Unrestricted - Board designated	3,945,858	3,867,212
Temporarily restricted	100,000	110,509
Permanently restricted	74,952	74,952
	10,041,578	9,302,320
TOTAL LIABILITIES AND NET ASSETS	$ 11,347,230	$ 10,183,453

See notes to financial statements.

STATEMENTS OF ACTIVITIES

DALE ROGERS TRAINING CENTER, INC.

	Year Ended June 30, 2012				Year Ended June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Cash Contributions	$ 22,453	$ 275,350	$ -	$ 297,803	$ 13,931	$ 2,311	$ -	$ 16,242
Non cash contributions	6,945	-	-	6,945	2,200	-	-	2,200
NISH contracts	11,432,040	-	-	11,432,040	11,075,562	-	-	11,075,562
Federal contract	181,140	-	-	181,140	214,932	-	-	214,932
Allocated by United Way		148,874	-	148,874	-	141,785	-	141,785
Federal and state financial assistance	2,041,631	-	-	2,041,631	2,075,658	-	-	2,075,658
Revenue from acrylic, frames, online sales and labor	844,706	-	-	844,706	769,620	-	-	769,620
Investment income	31,238	-	-	31,238	167,165	-	-	167,165
Distributions from OCCF	14,116	-	-	14,116	13,518	-	-	13,518
Auxillary services	12,284	-	-	12,284	13,677	-	-	13,677
Camp Tumbleweed	11,525	-	-	11,525	17,624	-	-	17,624
Gain (loss) on sale of assets	9,030	-	-	9,030	-	-	-	-
Miscellaneous	36,332	-	-	36,332	28,169	-	-	28,169
Net assets released from restrictions								
Satisfaction of program and donor restrictions	434,733	(434,733)	-	-	143,972	(143,972)	-	-
TOTAL REVENUES AND SUPPORT	15,078,173	(10,509)	-	15,067,664	14,536,028	124	-	14,536,152
EXPENSES AND DISTRIBUTIONS								
Tinker work project/food service	1,544,915	-	-	1,544,915	1,999,936	-	-	1,999,936
Altus work project/food service	918,701	-	-	918,701	861,242	-	-	861,242
Tinker work project/custodial	3,691,024	-	-	3,691,024	3,500,979	-	-	3,500,979
Tinker work project/administration custodial	2,460,193	-	-	2,460,193	2,611,992	-	-	2,611,992
GSA custodial	893,437	-	-	893,437	834,112	-	-	834,112
US Marshal custodial	46,806	-	-	46,806	42,232	-	-	42,232
FAA custodial	620,986	-	-	620,986	-	-	-	-
AFRC/Mustang custodial	73,345	-	-	73,345	17,711	-	-	17,711
AFRC/Norman custodial	103,656	-	-	103,656	19,901	-	-	19,901
Lockheed Martin Partnership	145,207	-	-	145,207	144,282	-	-	144,282
Vocational Services program	1,691,083	-	-	1,691,083	1,547,826	-	-	1,547,826
Mobile Workforce program	181,653	-	-	181,653	166,176	-	-	166,176
Employment Services program	902,378	-	-	902,378	824,632	-	-	824,632
Transition program	154,543	-	-	154,543	165,737	-	-	165,737
Camp Tumbleweed program	29,963	-	-	29,963	46,284	-	-	46,284
Special Needs program	169,215	-	-	169,215	166,190	-	-	166,190
Auxillary Transportation program	88,347	-	-	88,347	92,327	-	-	92,327
Auxillary Day Care program	21,237	-	-	21,237	21,657	-	-	21,657
Management and general	591,717	-	-	591,717	483,781	-	-	483,781
TOTAL EXPENSES AND DISTRIBUTIONS	14,328,406	-	-	14,328,406	13,546,997	-	-	13,546,997
CHANGE IN NET ASSETS	749,767	(10,509)	-	739,258	989,031	124	-	989,155
NET ASSETS AT BEGINNING OF YEAR	9,116,859	110,509	74,952	9,302,320	8,127,828	110,385	74,952	8,313,165
NET ASSETS AT END OF YEAR	$ 9,866,626	$ 100,000	$ 74,952	$ 10,041,578	$ 9,116,859	$ 110,509	$ 74,952	$ 9,302,320

See notes to consolidated financial statements.

STATEMENTS OF CASH FLOWS

DALE ROGERS TRAINING CENTER

	Year Ended June 30	
	2012	2011
OPERATING ACTIVITIES		
Increase in net assets	$ 739,258	$ 989,155
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	306,515	248,383
Gain on sale of property and equipment	(9,030)	(1,500)
Change in operating assets and liabilities:		
Receivables	101,719	434,958
Inventory	(10,954)	(1,328)
Prepaid expenses	19,943	71,793
Accounts payable	287,740	(35,223)
Accrued expenses	150,426	(131,784)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,585,617	1,574,454
INVESTING ACTIVITIES		
Purchase of intangible assets	(25,000)	(3,400)
Purchase of investments	(157,572)	(155,385)
Beneficial interest in third party	1,545	(6,114)
Proceeds from sale of property and equipment	13,516	1,500
Purchases of property and equipment	(1,200,951)	(431,224)
NET CASH USED IN INVESTING ACTIVITIES	(1,368,462)	(594,623)
FINANCING ACTIVITIES		
Payments on long-term debt	(13,647)	(32,772)
NET CASH USED IN FINANCING ACTIVITIES	(13,647)	(32,772)
NET CHANGE IN CASH AND CASH EQUIVALENTS	203,508	947,059
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,400,866	3,453,807
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,604,374	$ 4,400,866

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DALE ROGERS TRAINING CENTER, INC.

June 30, 2012

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, GSA – Oklahoma City, FAA - Mike Monroney Aeronautical Center, Armed Forces Reserves and US Marshals for full food services and/or custodial services. During the fiscal year, seven contracts were in effect related to NISH making up approximately 76% 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, spice gift sets, frames and framing supplies, and individual contributions.

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.

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.

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

Financial Statement Presentation--Continued:

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.

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.

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

Property and Equipment--Continued: 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, 2012.

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.

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

Inventory: Inventory is made up of materials and supplies used in the production of acrylic products, products sold on the on-line store web site, 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: Construction in progress relates to the nearly finished construction of a new Workforce Skills Training building directly east of the main facility. This building is scheduled for completion in October 2012.

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.

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, 2011, financial statements to conform to the classifications used at June 30, 2012.

Subsequent Events: Management has evaluated subsequent events through October 16, 2012, 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 operation of a Papa Murphy's pizza franchise were $100,000 at June 30, 2012. Temporarily restricted net assets of $110,509 were available at June 30, 2011 for the construction of the Workforce Skills Training Building.

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

	2012	2011
Other expenses	$ 374	2,187
United Way allocation	148,874	141,785
Workforce Skills Training Center construction	285,485	-
	$ 434,733	$ 143,972

NOTE C--CONTRACTS RECEIVABLE

As of June 30, 2012 and 2011, accounts receivable from contracts was composed of:

	2012	2011
Department of Human Services	$ 202,118	$ 244,450
NISH Contracts	1,139,190	1,246,062
Lockheed Martin Contract	31,121	15,407
Social Security Administration Contract	4,157	-
	$ 1,376,586	$ 1,505,919

The Organization considers all receivables to be fully collectible. Accordingly, no allowance for uncollectible receivables has been provided at December 31, 2012 and 2011.

NOTE D--DESIGNATED FUNDS

The Organization has designated funds of $3,945,858. 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.

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. The Organization received investment distributions from OCCF of approximately $14,943 and $14,116 for fiscal years ending 2012 and 2011 respectively.

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 $43,948 and $45,493 at June 30, 2012 and 2011, 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, 2012 and 2011, and are not reflected in the Organization's statements of financial position.

NOTE F--LONG-TERM DEBT

Notes payable at June 30, 2011, required principal payments of $2,731 per month through December 2012 at an interest rate of 0.0%. The notes were paid in full in 2012.

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, 2012			
	Level 1	Level 2	Level 3	Total
ASSETS				
Money market funds	$ 29,710	$ -	$ -	$ 29,710
Common stocks	627,431	-	-	627,431
Fixed income mutual funds	386,115	-	-	386,115
Equity mutual funds	96,297	-	-	96,297
Total investments	1,139,553	-	-	1,139,553
Beneficial interest in assets held by others	-	-	43,948	43,948
Toal assets measured at fair value on a recurring basis	$1,139,553	$ -	$ 43,948	$1,183,501

	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
Toal assets measured at fair value on a recurring basis	$ 981,980	$ -	$ 45,493	$1,027,473

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, common stocks, 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.

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.

NOTE G--FAIR VALUE MEASUREMENTS--Continued

Change in the fair value of the Organization's Level 3 investments for the year ended June 30, 2012 and 2011 are as follows:

	Endowed Funds Held by Community Foundation	
	2012	2011
Beginning of year	$ 45,493	$ 39,379
Change in value of beneficial interest	(1,545)	6,114
End of year	$ 43,948	$ 45,493

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:

<u>Beneficial Interest in Assets Held by Others</u>: 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.

NOTE H--PROPERTY AND EQUIPMENT

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

	June 30	
	2012	2011
Land	$ 225,547	$ 225,547
Buildings and improvements	2,689,399	2,621,322
Construction in progress	868,348	23,394
Machinery and equipment	2,094,799	1,934,128
Vehicles	444,530	401,206
	6,322,623	5,205,597
Less: accumulated depreciation	(2,777,809)	(2,556,590)
	$ 3,544,814	$ 2,649,007

Property and equipment are depreciated using the straight-line method. Depreciation expense was $306,515 and $248,383 in 2012 and 2011, respectively.

NOTE H--PROPERTY AND EQUIPMENT--Continued

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, 2012 the total remaining operating lease payments under non-cancelable operating leases, which pertain to office equipment and vehicles are as follows:

2013	$	41,672
2014		23,899
2015		16,392
2016		1,019
2017		679
	$	83,661

Rental expense under operating leases was $54,491 and $52,670, respectively, for the years ended June 30, 2012 and 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, 2012, and have issued our report thereon dated October 16, 2012. 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.

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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
October 16, 2012

Independent Auditor's Report on the Supplementary 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 financial statements as a whole. The supplementary information 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 audits 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

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 16, 2012

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SUPPLEMENTAL SCHEDULE OF REVENUES AND SUPPORTS

DALE ROGERS TRAINING CENTER, INC.

For the Years Ended June 30, 2012 and 2011

	Vocational Services	Mobile Workforce	Employment Services	Transition	Camp Tumbleweed	Special Needs	Auxillary Transportation	Auxillary Day Care	Mgmt.& General	Tinker Food Service	Altus Food Service
Income											
Federal and NISH contracts	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,655,692	$ 953,505
Sheltered Workshop - DDSD	290,493	-	-	-		-	-		-	-	-
Adult day care - DDSD	11,832	-	-	-	-	1,362	-	-	-	-	-
CIE - DDSD	-	-	58,443	-		-	-		-	-	-
Center based waiver	243,050	-	-	-		67,473	-		-	-	-
Supplemental supports waiver	7,274	-	-	-		19,918	-		-	-	-
Direct supports waiver	-	-	-	-	-	2,214	-	-	-	-	-
Homemaker waiver	4,199				4,475					-	-
Non-federal medical services	6,407	1,278	-	-	-	873	-		-	-	-
Community waiver services	-	39,042	-	-		-	-		-	-	-
Job coach waiver services	-	186,750	-	-		-	-		-	-	-
Mileage waiver services	-	9,180	-	-		126	-		-	-	-
Individual Job coach/ stabilization waiver services	-	-	15,904	-		-	-		-	-	-
Supported employment - DRS	-	-	627,740	-		-	-		-	-	-
Employment and retention - DRS	-	-	295,110	-		-	-		-	-	-
Job placement - DRS	-	-	15,600	-		-	-		-	-	-
Support services - DRS	-	-	750	-		-	-		-	-	-
Ticket to Work - SSA	-	-	13,762	-		-	-		-	-	-
Transition school to work - DRS	-	-	-	108,431		-	-		-	-	-
Camp tumbleweed - private pay	-	-	-		11,525	-	-		-	-	-
Workshop sales	249,153	-	-	-		-	-		-	-	-
Acrylic sales	296,062	-	-	-		-	-		-	-	-
Frame Sales	286,577	-	-	-		-	-		-	-	-
Online Store Sales	-	-	-	-		-	-		12,914	-	-
Transportation - public waiver	-	-	-	-		-	9,945		-	-	-
Transportation - private pay	-	-	-	-		-	6,885		-	-	-
Day care - private pay								5,399	-	-	-
United Way allocation	63,609				13,212	16,411	48,646	6,996	-	-	-
Gain (loss) on sale of assets									9,030	-	-
Miscellaneous income	21,799							14,533		-	-
Restricted contributions									275,350	-	-
Other revenue	36,195	6,032	26,388	2,788	411	2,362	434	142	-	-	-
Total Income	$ 1,516,650	$ 242,282	$ 1,053,697	$ 111,219	$ 29,623	$ 110,739	$ 65,910	$ 27,070	$ 297,294	$ 1,655,692	$ 953,505

See notes to consolidated financial statements.

SUPPLEMENTAL SCHEDULE OF REVENUES AND SUPPORTS--Continued

DALE ROGERS TRAINING CENTER, INC.

For the Years Ended June 30, 2012 and 2011

	Tinker Custodial	Tinker Admin Custodial	GSA Custodial	US Marshal Custodial	FAA Custodial	Armed Forces Reserve-Mustang Custodial	Armed Forces Reserve-Norman Custodial	Lockheed Martin Partnership	Total 2012	Total 2011
Income										
Federal and NISH contracts	$ 4,216,880	$ 2,783,452	$ 922,302	$ 68,679	$ 547,500	$ 104,192	$ 179,838	$ 181,140	$ 11,613,180	$ 11,290,494
Sheltered Workshop - DDSD	-	-	-	-	-	-	-	-	290,493	274,856
Adult day care - DDSD	-	-	-	-	-	-	-	-	13,194	13,752
CIE - DDSD	-	-	-	-	-	-	-	-	58,443	58,443
Center based waiver	-	-	-	-	-	-	-	-	310,523	333,447
Supplemental supports waiver	-	-	-	-	-	-	-	-	27,192	34,239
Direct supports waiver	-	-	-	-	-	-	-	-	2,214	4,171
Homemaker waiver	-	-	-	-	-	-	-	-	8,674	7,770
Non-federal medical services	-	-	-	-	-	-	-	-	8,558	8,165
Community waiver services	-	-	-	-	-	-	-	-	39,042	40,604
Job coach waiver services	-	-	-	-	-	-	-	-	186,750	192,231
Mileage waiver services	-	-	-	-	-	-	-	-	9,306	8,554
Individual Job coach/ stabilization waiver services	-	-	-	-	-	-	-	-	15,904	26,637
Supported employment - DRS	-	-	-	-	-	-	-	-	627,740	644,015
Employment and retention - DRS	-	-	-	-	-	-	-	-	295,110	290,174
Job placement - DRS	-	-	-	-	-	-	-	-	15,600	21,175
Support services - DRS	-	-	-	-	-	-	-	-	750	360
Ticket to Work - SSA	-	-	-	-	-	-	-	-	13,762	2,300
Transition school to work - DRS	-	-	-	-	-	-	-	-	108,431	105,090
Camp tumbleweed - private pay	-	-	-	-	-	-	-	-	11,525	17,624
Workshop sales	-	-	-	-	-	-	-	-	249,153	248,979
Acrylic sales	-	-	-	-	-	-	-	-	296,062	237,946
Frame Sales	-	-	-	-	-	-	-	-	286,577	269,138
Online Store Sales	-	-	-	-	-	-	-	-	12,914	13,557
Transportation - public waiver	-	-	-	-	-	-	-	-	9,945	9,675
Transportation - private pay	-	-	-	-	-	-	-	-	6,885	8,815
Day care - private pay	-	-	-	-	-	-	-	-	5,399	4,862
United Way allocation	-	-	-	-	-	-	-	-	148,874	141,785
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	9,030	-
Miscellaneous income	-	-	-	-	-	-	-	-	36,332	28,169
Restricted contributions	-	-	-	-	-	-	-	-	275,350	2,311
Other revenue	-	-	-	-	-	-	-	-	74,752	196,814
Total Income	$ 4,216,880	$ 2,783,452	$ 922,302	$ 68,679	$ 547,500	$ 104,192	$ 179,838	$ 181,140	$ 15,067,664	$ 14,536,152

See notes to consolidated financial statements.

SUPPLEMENTAL SCHEDULE OF EXPENSES AND DISTRIBUTIONS

DALE ROGERS TRAINING CENTER, INC.

For the Years Ended June 30, 2012 and 2011

	Vocational Services	Mobile Workforce	Employment Services	Transition	Camp Tumbleweed	Special Needs	Auxillary Transportation	Auxillary Day Care	Mgmt.& General	Tinker Food Service	Altus Food Service
Salaries	$ 944,654	$ 124,355	$ 623,042	$ 107,638	$ 20,740	$ 121,902	$ 40,357	$ 15,456	$ 332,268	$ 861,692	$ 510,693
Employee benefits	47,919	7,657	38,365	6,628	1,277	7,506	2,485	952	20,460	278,122	176,794
Workers compensation	32,194	4,238	21,233	3,668	707	4,154	1,375	527	11,324	37,914	21,385
Payroll taxes	76,974	10,353	51,869	8,961	1,727	10,149	3,360	1,287	27,662	82,542	44,634
Total compensation	1,101,741	146,603	734,509	126,895	24,451	143,711	47,577	18,222	391,714	1,260,270	753,506
Contract services	32,377	-	-	-	-	1,835	-	-	119,143	-	-
Professional fees	6,803	972	5,908	660	61	461	64	21	7,086	5,329	2,510
NISH commission	-	-	-	-	-	-	-	-	-	63,263	35,914
Supplies	394,758	6,170	30,129	5,424	1,456	6,692	1,716	1,179	14,128	105,542	33,260
Telephone	15,687	2,507	12,560	2,170	418	2,457	814	312	6,698	3,645	1,908
Postage	4,770	762	3,819	660	127	747	247	95	2,037	233	53
Uniforms/rentals	-	-	-	-	-	-	-	-	-	26,939	29,787
Occupancy	37,626	6,013	30,125	5,204	1,003	5,895	1,951	747	16,065	-	-
Maintenance and repairs	16,964	2,711	13,582	2,346	452	2,657	880	337	7,243	18,075	13,160
Insurance	15,009	2,398	12,016	2,076	400	2,351	778	298	6,408	2,479	1,210
Printing and publications	2,417	403	1,762	186	27	158	29	9	-	-	-
Transportation	36,087	12,178	48,122	6,580	743	619	34,238	-	14,844	4,889	4,576
Conventions and meetings	1,009	200	3,373	1,164	-	(40)	-	-	13,397	1,417	-
Subscriptions/publications	-	-	-	-	-	-	-	-	1,538	-	-
Organizational dues	4,419	736	3,221	340	50	288	53	17	-	15	-
Recruitment/advertising	19,616	-	3,002	763	760	1,334	-	-	7,692	-	673
Miscellaneous expense	1,800	-	250	75	15	50	-	-	25,429	2,494	2,825
Equipment	-	-	-	-	-	-	-	-	39,816	-	-
Total operating expense	1,691,083	181,653	902,378	154,543	29,963	169,215	88,347	21,237	673,238	1,494,590	879,382
Overhead reimb/expense	-	-	-	-	-	-	-	-	(325,567)	48,412	37,519
Designated funds expense	-	-	-	-	-	-	-	-	22,531	-	-
Depreciation	-	-	-	-	-	-	-	-	221,432	1,913	1,800
Uncollectible accounts	-	-	-	-	-	-	-	-	83	-	-
Total Expenses	$ 1,691,083	$ 181,653	$ 902,378	$ 154,543	$ 29,963	$ 169,215	$ 88,347	$ 21,237	$ 591,717	$ 1,544,915	$ 918,701

See notes to consolidated financial statements.

SUPPLEMENTAL SCHEDULE OF EXPENSES AND DISTRIBUTIONS--Continued

DALE ROGERS TRAINING CENTER, INC.

FOR YEARS ENDED JUNE 30, 2012 AND 2011

	Tinker Custodial	Tinker Admin Custodial	GSA Custodial	US Marshal Custodial	FAA Custodial	Armed Forces Reserve-Mustang Custodial	Armed Forces Reserve-Norman Custodial	Lockheed Martin Ptnshp	Total 2012	Total 2011
Salaries	$ 1,801,971	$ 1,142,972	$ 467,204	$ 24,253	$ 257,968	$ 33,798	$ 53,192	$ 64,787	$ 7,548,942	$ 7,281,916
Employee benefits	559,789	350,399	142,530	6,784	85,581	10,691	15,033	9,875	1,768,847	1,729,103
Workers compensation	153,981	88,226	39,104	2,008	15,719	3,120	4,452	5,893	451,222	390,602
Payroll taxes	156,576	101,099	40,813	1,904	22,802	3,010	4,323	5,871	655,916	621,057
Total compensation	2,672,317	1,682,696	689,651	34,949	382,070	50,619	77,000	86,426	10,424,927	10,022,678
Contract services	32,034	82,494	24,500	-	609	-	-	-	292,992	239,619
Professional fees	7,849	6,002	2,134	355	238	355	355	416	47,579	48,305
NISH commission	161,383	106,580	34,038	2,644	21,079	3,029	5,225	-	433,155	414,809
Supplies	514,999	420,610	59,779	6,080	140,223	11,224	13,472	5,868	1,772,709	1,644,198
Telephone	13,144	12,056	8,996	854	2,755	649	1,141	6,442	95,213	95,429
Postage	51	26	2	-	5	-	-	-	13,634	14,338
Uniforms/rentals	39,009	3,427	2,218	-	3,772	-	-	-	105,152	101,974
Occupancy	818	-	13,135	-	-	-	-	1,303	119,885	115,024
Maintenance and repairs	4,038	1,338	725	-	(1,417)	179	-	792	84,062	108,338
Insurance	26,297	17,747	5,939	78	3,997	161	207	4,123	103,972	93,920
Printing and publications	-	-	-	-	-	-	-	-	4,991	11,979
Transportation	24,524	25,688	992	-	1,985	454	410	26,962	243,891	219,265
Conventions and meetings	1,299	(126)	1,554	-	-	-	-	90	23,337	16,830
Subscriptions/publications	-	-	-	-	-	-	-	-	1,538	2,318
Organizational dues	348	583	-	-	-	-	-	-	10,070	7,890
Recruitment/advertising	1,759	1,397	-	-	592	-	-	114	37,702	39,548
Miscellaneous expense	14,318	3,619	6,832	25	325	580	75	2,584	61,296	53,686
Equipment	19,172	12,197	1,786	505	47,609	1,261	773	53	123,172	19,764
Total operating expense	3,533,359	2,376,334	852,281	45,490	603,842	68,511	98,658	135,173	13,999,277	13,269,912
Overhead reimb/expense	111,346	64,145	38,728	1,210	15,734	2,421	2,421	3,631	-	-
Designated funds expense	-	-	-	-	-	-	-	-	22,531	28,702
Depreciation	46,319	19,714	2,428	106	1,410	2,413	2,577	6,403	306,515	248,383
Uncollectible accounts	-	-	-	-	-	-	-	-	83	-
Total Expenses	$ 3,691,024	$ 2,460,193	$ 893,437	$ 46,806	$ 620,986	$ 73,345	$ 103,656	$ 145,207	$ 14,328,406	$ 13,546,997

See notes to consolidated financial statements.

DDSD SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES

DALE ROGERS TRAINING CENTER, INC.

Homemaker Services

	June 30 2012	June 30 2011
REVENUES		
Contract/Grants		
Procedure Code S5130	$ -	$ -
Procedure Code S5130 SE	-	-
Procedure Code S5150	8,674	7,770
TOTAL REVENUES	8,674	7,770
EXPENSES		
Non-Administration Labor:		
Supervision Expenses	813	1,103
Homemaker Service Staff Regular Expenses	1,508	2,115
Homemaker Service Staff Overtime Premium & Related Benefits	-	-
Total Non-Admin. Labor	2,321	3,218
Administration	3,911	3,186
TOTAL EXPENSES	6,232	6,404
CHANGE IN NET ASSETS	$ 2,442	$ 1,366
Units of Service Provided	3,855	3,453
Number of Individuals Served (Unduplicated count)	10	12

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 2012	June 30 2011
REVENUES		
Revenues received through procedure code S0215	$ 9,242	$ 8,480
Revenues received through procedure code A0130	64	74
Revenues received through procedure code T2004	9,945	9,675
Other Revenues	-	-
TOTAL REVENUES	19,251	18,229
EXPENSES		
Adapted an sum of Revenues	38,113	39,531
Public Transportation Expense	-	-
	38,113	39,531
Administration Expense	8,680	7,475
TOTAL EXPENSES	46,793	47,006
CHANGE IN NET ASSETS	$ (27,542)	$ (28,777)
Number of Individuals Served (Unduplicated count)	59	49

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, 2012

	June 30	
	2012	2011
Other DDSD and all Non-DDSD		
TOTAL REVENUES	$ 15,039,739	$ 14,510,153
TOTAL EXPENSES	14,275,381	13,493,587
CHANGE IN NET ASSETS	$ 764,358	$ 1,016,566

See independent auditors' report on other financial information.