

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013



COLE + REED P.C.
CERTIFIED PUBLIC ACCOUNTANTS

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of Dale Rogers Training Center, Inc. (an Oklahoma nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and 2012, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dale Rogers Training Center, Inc., as of June 30, 2013, and 2012, and the statements of activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The "Supplement Schedules of Revenue and Expenses" 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated October 22, 2013 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 22, 2013

STATEMENTS OF FINANCIAL POSITION

DALE ROGERS TRAINING CENTER, INC.

	June 30	
	2013	2012
ASSETS		
Cash and cash equivalents	\$ 3,624,937	\$ 4,604,374
Investments	1,276,098	1,139,553
Contracts receivable	2,050,206	1,376,586
Accounts receivable	137,285	160,024
Inventory	209,946	202,028
Prepaid expenses	148,064	137,789
TOTAL CURRENT ASSETS	7,446,536	7,620,354
PROPERTY AND EQUIPMENT, net	4,870,424	3,544,814
OTHER NON-CURRENT ASSETS		
Beneficial interest in assets held by others	46,124	43,948
Goodwill	-	94,786
Other intangible assets	40,000	43,328
	86,124	182,062
TOTAL ASSETS	<u>\$ 12,403,084</u>	<u>\$ 11,347,230</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 609,555	\$ 576,569
Accrued expenses	761,094	654,883
Other liabilities	530	74,200
TOTAL LIABILITIES	1,371,179	1,305,652
NET ASSETS		
Unrestricted	8,413,221	5,920,768
Unrestricted - Board designated	2,523,732	3,945,858
Temporarily restricted	20,000	100,000
Permanently restricted	74,952	74,952
	11,031,905	10,041,578
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,403,084</u>	<u>\$ 11,347,230</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES

DALE ROGERS TRAINING CENTER, INC.

	Year Ended June 30, 2013				Year Ended June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Cash Contributions	\$ 24,018	\$ 22,300	\$ -	\$ 46,318	\$ 22,453	\$ 275,350	\$ -	\$ 297,803
Non cash contributions	4,403	-	-	4,403	6,945	-	-	6,945
NISH contracts	14,053,308	-	-	14,053,308	11,432,040	-	-	11,432,040
Federal contracts	186,961	-	-	186,961	181,140	-	-	181,140
Allocated by United Way	-	157,806	-	157,806	-	148,874	-	148,874
Federal and state financial assistance	2,110,760	-	-	2,110,760	2,041,631	-	-	2,041,631
Revenue from acrylic, frames, online sales, and labor	892,863	-	-	892,863	844,706	-	-	844,706
Investment income	138,829	-	-	138,829	31,238	-	-	31,238
Distributions from OCCF	14,943	-	-	14,943	14,116	-	-	14,116
Auxillary services	12,980	-	-	12,980	12,284	-	-	12,284
Camp Tumbleweed	14,496	-	-	14,496	11,525	-	-	11,525
Gain on sale of assets	2,500	-	-	2,500	9,030	-	-	9,030
Miscellaneous	144,950	-	-	144,950	36,332	-	-	36,332
Net assets released from restrictions								
Satisfaction of program and donor restrictions	260,106	(260,106)	-	-	434,733	(434,733)	-	-
TOTAL REVENUES AND SUPPORT	17,861,117	(80,000)	-	17,781,117	15,078,173	(10,509)	-	15,067,664
EXPENSES AND DISTRIBUTIONS								
Tinker work project/food service	1,625,265	-	-	1,625,265	1,544,915	-	-	1,544,915
Altus work project/food service	778,416	-	-	778,416	918,701	-	-	918,701
Tinker work project/custodial	4,153,338	-	-	4,153,338	3,691,024	-	-	3,691,024
Tinker work project/administration custodial	2,573,226	-	-	2,573,226	2,460,193	-	-	2,460,193
GSA custodial	855,097	-	-	855,097	893,437	-	-	893,437
US Marshal custodial	47,389	-	-	47,389	46,806	-	-	46,806
FAA custodial	1,947,432	-	-	1,947,432	620,986	-	-	620,986
AFRC/Mustang custodial	76,375	-	-	76,375	73,345	-	-	73,345
AFRC/Norman custodial	115,452	-	-	115,452	103,656	-	-	103,656
Lockheed Martin Partnership	125,742	-	-	125,742	145,207	-	-	145,207
Papa Murphy's Pizza	218,190	-	-	218,190	-	-	-	-
Vocational Services program	1,690,990	-	-	1,690,990	1,691,083	-	-	1,691,083
Mobile Workforce program	207,820	-	-	207,820	181,653	-	-	181,653
Employment Services program	958,592	-	-	958,592	902,378	-	-	902,378
Transition program	141,449	-	-	141,449	154,543	-	-	154,543
Camp Tumbleweed program	29,455	-	-	29,455	29,963	-	-	29,963
Special Needs program	135,211	-	-	135,211	169,215	-	-	169,215
Auxillary Transportation program	115,608	-	-	115,608	88,347	-	-	88,347
Auxillary Day Care program	11,163	-	-	11,163	21,237	-	-	21,237
Management and general	984,580	-	-	984,580	591,717	-	-	591,717
TOTAL EXPENSES AND DISTRIBUTIONS	16,790,790	-	-	16,790,790	14,328,406	-	-	14,328,406
CHANGE IN NET ASSETS	1,070,327	(80,000)	-	990,327	749,767	(10,509)	-	739,258
NET ASSETS AT BEGINNING OF YEAR	9,866,626	100,000	74,952	10,041,578	9,116,859	110,509	74,952	9,302,320
NET ASSETS AT END OF YEAR	\$ 10,936,953	\$ 20,000	\$ 74,952	\$ 11,031,905	\$ 9,866,626	\$ 100,000	\$ 74,952	\$ 10,041,578

See notes to financial statements.

STATEMENTS OF CASH FLOWS

DALE ROGERS TRAINING CENTER

	Year Ended June 30	
	2013	2012
OPERATING ACTIVITIES		
Change in net assets	\$ 990,327	\$ 739,258
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	370,310	306,515
Gain on sale of property and equipment	(2,500)	(9,030)
Gain on investments	(122,804)	-
Loss on impairment of goodwill and other intangible assets	108,923	-
Change in operating assets and liabilities:		
Receivables	(650,881)	101,719
Inventory	(7,918)	(10,954)
Prepaid expenses	(10,275)	19,943
Accounts payable	32,986	287,740
Accrued expenses and other liabilities	32,541	150,426
NET CASH PROVIDED BY OPERATING ACTIVITIES	740,709	1,585,617
INVESTING ACTIVITIES		
Purchase of intangible assets	(15,000)	(25,000)
Purchase of investments	(18,150)	(157,572)
Beneficial interest in third party	2,233	1,545
Proceeds from sale of property and equipment	2,500	13,516
Purchases of property and equipment	(1,691,729)	(1,200,951)
NET CASH USED IN INVESTING ACTIVITIES	(1,720,146)	(1,368,462)
FINANCING ACTIVITIES		
Payments on long-term debt	-	(13,647)
NET CASH USED IN FINANCING ACTIVITIES	-	(13,647)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(979,437)	203,508
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,604,374	4,400,866
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,624,937	\$ 4,604,374

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013

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, ten contracts were in effect related to NISH, making up approximately 79% 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.

NOTES TO FINANCIAL STATEMENTS--Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013

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 Organization 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.

NOTES TO FINANCIAL STATEMENTS--Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013

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 required recognition of an impairment loss of \$94,786 for the year ended June 30, 2013.

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.

NOTES TO FINANCIAL STATEMENTS--Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013

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 online store website, 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 as of June 30, 2012. This building was completed 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 Organization follows ASC 740, which addresses the accounting for uncertainty in income taxes. Management has evaluated the Organization's tax positions and concluded that the Organization 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. The Organization has not experienced any losses in such accounts. The Organization 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, 2012, financial statements to conform to the classifications used at June 30, 2013.

Subsequent Events: Management has evaluated subsequent events through October 22, 2013, the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTES TO FINANCIAL STATEMENTS--Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013

NOTE B--TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available for the operation of a Papa Murphy's pizza franchise were \$0 and \$100,000 at June 30, 2013, and 2012, respectively.

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

	2013	2012
Other expenses	\$ 2,300	\$ 374
United Way allocation	157,806	148,874
NISH - IWF Grant for Papa Murphy's	100,000	-
Workforce Skills Training Center construction	-	285,485
	<u>\$ 260,106</u>	<u>\$ 434,733</u>

NOTE C--CONTRACTS RECEIVABLE

As of June 30, 2013, and 2012, accounts receivable from contracts were composed of:

	2013	2012
Department of Human Services	\$ 204,165	\$ 202,118
NISH Contracts	1,808,429	1,139,190
Lockheed Martin Contract	31,770	31,121
Social Security Administration Contract	5,842	4,157
	<u>\$ 2,050,206</u>	<u>\$ 1,376,586</u>

The Organization considers all receivables to be fully collectible. Accordingly, no allowance for uncollectible receivables has been provided at June 30, 2013, and 2012.

NOTE D--DESIGNATED FUNDS

The Organization has designated funds of \$2,523,732. This is a decrease 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, 2013

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 \$13,414 and \$14,943 for fiscal years ending 2013 and 2012, 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 \$46,124 and \$43,948 at June 30, 2013, and 2012, respectively. The endowment funds contributed by third-party donors held by OCCF designated for the benefit of the Organization were \$277,090 and \$195,210 at June 30, 2013, and 2012, respectively, and are not reflected in the Organization's statements of financial position.

NOTE F--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, 2013			
	Level 1	Level 2	Level 3	Total
ASSETS				
Money market funds	\$ 38,956	\$ -	\$ -	\$ 38,956
Common stocks	813,273	-	-	813,273
Fixed income mutual funds	395,188	-	-	395,188
Equity mutual funds	28,681	-	-	28,681
Total investments	1,276,098	-	-	1,276,098
Beneficial interest in assets held by others	-	-	46,124	46,124
Toal assets measured at fair value on a recurring basis	<u>\$ 1,276,098</u>	<u>\$ -</u>	<u>\$ 46,124</u>	<u>\$ 1,322,222</u>

NOTES TO FINANCIAL STATEMENTS--Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013

NOTE F--FAIR VALUE MEASUREMENTS--Continued

	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
Total assets measured at fair value on a recurring basis	\$ 1,139,553	\$ -	\$ 43,948	\$ 1,183,501

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.

Change in the fair value of the Organization's Level 3 investments for the year ended June 30, 2013, and 2012, is as follows:

	Endowed Funds Held by Community Foundation	
	2013	2012
Beginning of year	\$ 43,948	\$ 45,493
Change in value of beneficial interest	2,176	(1,545)
End of year	\$ 46,124	\$ 43,948

NOTES TO FINANCIAL STATEMENTS--Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013

NOTE F--FAIR VALUE MEASUREMENTS--Continued

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.

NOTE G--PROPERTY AND EQUIPMENT

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

	June 30	
	2013	2012
Land	\$ 225,547	\$ 225,547
Buildings and improvements	4,933,972	2,689,399
Construction in progress	-	868,348
Machinery and equipment	2,360,889	2,094,799
Vehicles	483,325	444,530
	<u>8,003,733</u>	<u>6,322,623</u>
Less: accumulated depreciation	<u>(3,133,309)</u>	<u>(2,777,809)</u>
	<u>\$ 4,870,424</u>	<u>\$ 3,544,814</u>

Property and equipment are depreciated using the straight-line method. Depreciation expense was \$370,310 and \$306,515 in 2013 and 2012, 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.

NOTES TO FINANCIAL STATEMENTS--Continued

DALE ROGERS TRAINING CENTER, INC.

June 30, 2013

NOTE H--OPERATING LEASE COMMITMENTS

As of June 30, 2013, the total remaining operating lease payments under non-cancelable operating leases, which pertain to office equipment and vehicles, are as follows:

2014	\$	65,125
2015		56,125
2016		36,855
2017		<u>34,930</u>
	\$	<u>193,035</u>

Rental expense under operating leases was \$62,006 and \$54,491, respectively, for the years ended June 30, 2013, and 2012.

NOTE I--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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of Dale Rogers Training Center, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2013 and the related statement of activities and cash flow for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 22, 2013

SUPPLEMENTAL SCHEDULE OF REVENUES AND SUPPORTS

DALE ROGERS TRAINING CENTER, INC.

For the Years Ended June 30, 2013, and 2012

	Vocational Services	Mobile Workforce	Employment Services	Transition	Camp Tumbleweed	Special Needs	Auxillary Transportation	Auxillary Day Care	Mgmt.& General	Papa Murphy's Pizza	Tinker Food Service
Income											
Federal and NISH contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,916,697
Papa Murphy's Pizza	-	-	-	-	-	-	-	-	-	41,410	-
Sheltered Workshop - DDS	268,295	-	-	-	-	-	-	-	-	-	-
Adult day care - DDS	10,950	-	-	-	-	1,248	-	-	-	-	-
CIE - DDS	-	-	79,220	-	-	-	-	-	-	-	-
Center based waiver	241,521	-	-	-	-	61,475	-	-	-	-	-
Supplemental supports waiver	13,131	-	-	-	-	27,335	-	-	-	-	-
Direct supports waiver	-	-	-	-	-	3,197	-	-	-	-	-
Homemaker waiver	3,615	-	-	-	4,125	-	-	-	-	-	-
Non-federal medical services	5,535	1,298	-	-	-	723	-	-	-	-	-
Community waiver services	-	39,689	-	-	-	-	-	-	-	-	-
Job coach waiver services	-	218,785	-	-	-	-	-	-	-	-	-
Mileage waiver services	-	9,648	45	-	-	127	-	-	-	-	-
Individual job coach/ stabilization waiver services	-	-	5,870	-	-	-	-	-	-	-	-
Supported employment - DRS	-	-	664,960	-	-	-	-	-	-	-	-
Employment and retention - DRS	-	-	307,663	-	-	-	-	-	-	-	-
Job placement - DRS	-	-	3,300	-	-	-	-	-	-	-	-
Support services - DRS	-	-	1,230	-	-	-	-	-	-	-	-
Project Search- DRS	-	-	26,213	-	-	-	-	-	-	-	-
Ticket to Work - SSA	-	-	16,159	-	-	-	-	-	-	-	-
iJobs-DRS	-	-	-	1,191	-	-	-	-	-	-	-
Transition school to work - DRS	-	-	-	82,873	-	-	-	-	-	-	-
Camp Tumbleweed - private pay	-	-	-	-	14,496	-	-	-	-	-	-
Workshop sales	270,225	-	-	-	-	-	-	-	-	-	-
Acrylic sales	353,329	-	-	-	-	-	-	-	-	-	-
Frame sales	215,401	-	-	-	-	-	-	-	-	-	-
Online store sales	12,497	-	-	-	-	-	-	-	-	-	-
Transportation - public waiver	-	-	-	-	-	-	11,340	-	-	-	-
Transportation - private pay	-	-	-	-	-	-	8,505	-	-	-	-
Day care - private pay	-	-	-	-	-	-	-	4,475	-	-	-
United Way allocation	69,541	-	-	-	13,212	16,411	51,646	6,996	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	2,500	-	-
Miscellaneous income	12,870	-	-	-	-	-	-	8,580	-	-	-
Restricted contributions	-	-	-	-	-	-	-	-	22,300	-	-
Other revenue	85,067	16,343	67,320	5,119	1,130	5,739	1,202	274	123,499	-	-
Total Income	\$ 1,561,977	\$ 285,763	\$ 1,171,980	\$ 89,183	\$ 32,963	\$ 116,255	\$ 72,693	\$ 20,325	\$ 148,299	\$ 41,410	\$ 1,916,697

SUPPLEMENTAL SCHEDULE OF REVENUES AND SUPPORTS--Continued

DALE ROGERS TRAINING CENTER, INC.

For the Years Ended June 30, 2013, and 2012

	Altus Food Service	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 2013	Total 2012
Income											
Federal and NISH contracts	\$ 850,715	\$ 4,813,367	\$ 3,027,127	\$ 913,712	\$ 67,358	\$ 2,185,317	\$ 104,697	\$ 174,318	\$ 186,961	\$ 14,240,269	\$ 11,613,180
Papa Murphy's Pizza	-	-	-	-	-	-	-	-	-	41,410	-
Sheltered Workshop - DDS	-	-	-	-	-	-	-	-	-	268,295	290,493
Adult day care - DDS	-	-	-	-	-	-	-	-	-	12,198	13,194
CIE - DDS	-	-	-	-	-	-	-	-	-	79,220	58,443
Center based waiver	-	-	-	-	-	-	-	-	-	302,996	310,523
Supplemental supports waiver	-	-	-	-	-	-	-	-	-	40,466	27,192
Direct supports waiver	-	-	-	-	-	-	-	-	-	3,197	2,214
Homemaker waiver	-	-	-	-	-	-	-	-	-	7,740	8,674
Non-federal medical services	-	-	-	-	-	-	-	-	-	7,556	8,558
Community waiver services	-	-	-	-	-	-	-	-	-	39,689	39,042
Job coach waiver services	-	-	-	-	-	-	-	-	-	218,785	186,750
Mileage waiver services	-	-	-	-	-	-	-	-	-	9,820	9,306
Individual job coach/ stabilization waiver services	-	-	-	-	-	-	-	-	-	5,870	15,904
Supported employment - DRS	-	-	-	-	-	-	-	-	-	664,960	627,740
Employment and retention - DRS	-	-	-	-	-	-	-	-	-	307,663	295,110
Job placement - DRS	-	-	-	-	-	-	-	-	-	3,300	15,600
Support services - DRS	-	-	-	-	-	-	-	-	-	1,230	750
										26,213	
Ticket to Work - SSA	-	-	-	-	-	-	-	-	-	16,159	13,762
										1,191	
Transition school to work - DRS	-	-	-	-	-	-	-	-	-	82,873	108,431
Camp Tumbleweed - private pay	-	-	-	-	-	-	-	-	-	14,496	11,525
Workshop sales	-	-	-	-	-	-	-	-	-	270,225	249,153
Acrylic sales	-	-	-	-	-	-	-	-	-	353,329	296,062
Frame sales	-	-	-	-	-	-	-	-	-	215,401	286,577
Online store sales	-	-	-	-	-	-	-	-	-	12,497	12,914
Transportation - public waiver	-	-	-	-	-	-	-	-	-	11,340	9,945
Transportation - private pay	-	-	-	-	-	-	-	-	-	8,505	6,885
Day care - private pay	-	-	-	-	-	-	-	-	-	4,475	5,399
United Way allocation	-	-	-	-	-	-	-	-	-	157,806	148,874
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-	2,500	9,030
Miscellaneous income	-	-	-	-	-	-	-	-	-	21,450	36,332
Restricted contributions	-	-	-	-	-	-	-	-	-	22,300	275,350
Other revenue	-	-	-	-	-	-	-	-	-	305,693	74,752
Total Income	\$ 850,715	\$ 4,813,367	\$ 3,027,127	\$ 913,712	\$ 67,358	\$ 2,185,317	\$ 104,697	\$ 174,318	\$ 186,961	\$ 17,781,117	\$ 15,067,664

See independent auditors' report

SUPPLEMENTAL SCHEDULE OF EXPENSES AND DISTRIBUTIONS

DALE ROGERS TRAINING CENTER, INC.

For the Years Ended June 30, 2013, and 2012

	Vocational Services	Mobile Workforce	Employment Services	Transition	Camp Tumbleweed	Special Needs	Auxillary Transportation	Auxillary Day Care	Mgmt.& General	Papa Murphy's Pizza	Tinker Food Service
Salaries	\$ 949,634	\$ 145,207	\$ 669,254	\$ 98,663	\$ 20,065	\$ 98,782	\$ 47,752	\$ 8,427	\$ 495,351	\$ 58,971	\$ 898,958
Employee benefits	42,558	8,093	37,275	5,491	1,110	5,504	2,654	471	27,587	3,074	295,160
Workers compensation	20,593	3,149	14,513	2,140	435	2,142	1,036	183	10,742	2,127	28,133
Payroll taxes	76,209	11,857	54,646	8,055	1,638	8,066	3,898	688	40,446	4,861	83,307
TOTAL COMPENSATION	1,088,994	168,306	775,688	114,349	23,248	114,494	55,340	9,769	574,126	69,033	1,305,558
Contract services	44,943	-	-	-	-	270	-	-	70,635	13,693	-
Professional fees	6,727	1,095	5,161	651	68	577	72	16	10,094	325	3,956
Royalties	-	-	-	-	-	-	-	-	-	2,071	-
NISH commission	-	-	-	-	-	-	-	-	-	-	72,436
Supplies	394,846	5,886	27,831	4,703	2,303	5,628	1,815	363	18,864	40,983	120,779
Telephone	15,669	2,980	13,724	2,022	409	2,027	977	173	10,157	1,880	4,039
Postage	4,319	821	3,783	557	114	559	269	47	2,800	-	2
Uniforms/rentals	-	-	-	-	-	-	-	-	-	2,121	27,819
Occupancy	39,532	7,518	34,625	5,101	1,032	5,113	2,465	437	25,626	9,383	-
Maintenance and repairs	13,690	2,603	11,991	1,766	357	1,771	854	151	8,874	150	38,626
Insurance	16,436	3,126	14,396	2,121	429	2,126	1,025	182	10,654	476	1,754
Printing and publications	3,372	648	2,668	203	45	227	48	11	-	-	-
Transportation	43,882	13,782	57,227	7,684	639	390	52,688	-	13,239	403	3,401
Conventions and meetings	3,312	78	3,307	156	-	180	-	-	6,428	4,647	1,335
Subscriptions/publications	-	-	-	-	-	-	-	-	1,475	-	-
Organizational dues	3,863	742	3,057	232	51	261	55	12	-	160	15
Recruitment/advertising	10,448	151	4,951	1,743	760	1,563	-	-	34,314	23,129	1,760
Miscellaneous expense	957	84	183	161	-	25	-	2	30,230	1,362	4,286
Equipment	-	-	-	-	-	-	-	-	54,404	26,268	261
TOTAL OPERATING EXPENSE	1,690,990	207,820	958,592	141,449	29,455	135,211	115,608	11,163	871,920	196,084	1,586,027
Overhead reimb/expense	-	-	-	-	-	-	-	-	(327,228)	16,895	38,236
Designated funds expense	-	-	-	-	-	-	-	-	60,114	-	-
Depreciation	-	-	-	-	-	-	-	-	270,851	5,211	1,002
Asset impairment	-	-	-	-	-	-	-	-	108,923	-	-
Uncollectible accounts	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 1,690,990	\$ 207,820	\$ 958,592	\$ 141,449	\$ 29,455	\$ 135,211	\$ 115,608	\$ 11,163	\$ 984,580	\$ 218,190	\$ 1,625,265

SUPPLEMENTAL SCHEDULE OF EXPENSES AND DISTRIBUTIONS--Continued

DALE ROGERS TRAINING CENTER, INC.

For the Years Ended June 30, 2013, and 2012

	Altus Food Service	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 2013	Total 2012
Salaries	\$ 413,981	\$ 1,970,817	\$ 1,125,227	\$ 477,334	\$ 25,604	\$ 1,004,594	\$ 39,318	\$ 58,584	\$ 66,022	\$ 8,672,545	\$ 7,548,942
Employee benefits	159,324	618,662	340,374	149,255	7,864	349,569	11,716	17,516	6,428	2,089,685	1,768,847
Workers compensation	12,899	88,553	46,532	20,379	1,096	45,956	1,788	2,759	2,989	308,144	451,222
Payroll taxes	38,610	165,334	96,846	40,449	1,944	86,176	3,139	4,807	5,467	736,443	655,916
TOTAL COMPENSATION	624,814	2,843,366	1,608,979	687,417	36,508	1,486,295	55,961	83,666	80,906	11,806,817	10,424,927
Contract services	-	241,304	217,659	3,955	-	1,522	530	2,282	-	596,793	292,992
Professional fees	1,980	9,944	5,734	1,896	378	3,846	378	377	399	53,674	47,579
Royalties	-	-	-	-	-	-	-	-	-	2,071	-
NISH commission	32,106	184,528	115,895	33,531	2,576	84,135	4,012	6,678	-	535,897	433,155
Supplies	31,226	531,993	451,802	55,233	5,806	268,577	8,190	14,538	3,390	1,994,756	1,772,709
Telephone	1,963	16,571	12,632	9,504	894	5,330	612	1,230	6,256	109,049	95,213
Postage	53	9	202	-	-	6	-	-	-	13,541	13,634
Uniforms/rentals	27,982	38,066	706	-	-	3,454	-	-	-	100,148	105,152
Occupancy	-	1,355	461	13,765	-	153	-	-	1,269	147,835	119,885
Maintenance and repairs	13,618	9,115	2,154	100	-	1,870	-	88	2,483	110,261	84,062
Insurance	1,204	29,629	20,046	5,530	80	15,540	406	537	4,097	129,794	103,972
Printing and publications	-	-	-	-	-	-	-	-	-	7,222	4,991
Transportation	6,834	33,586	20,396	1,141	-	10,903	1,907	1,119	17,231	286,452	243,891
Conventions and meetings	-	872	1,506	(533)	-	-	-	-	-	21,288	23,337
Subscriptions/publications	-	-	-	-	-	-	-	-	-	1,475	1,538
Organizational dues	-	358	518	-	-	-	-	-	-	9,324	10,070
Recruitment/advertising	2,188	8,094	3,780	-	-	2,563	-	-	-	95,444	37,702
Miscellaneous expense	2,354	8,903	4,388	6,522	24	3,171	75	75	209	63,011	61,296
Equipment	800	31,897	42,023	4,322	26	5,971	113	506	-	166,591	123,172
TOTAL OPERATING EXPENSE	747,122	3,989,590	2,508,881	822,383	46,292	1,893,336	72,184	111,096	116,240	16,251,443	13,999,277
Overhead reimb/expense	30,233	112,930	46,238	27,565	889	47,128	1,778	1,779	3,557	-	-
Designated funds expense	-	-	-	-	-	-	-	-	-	60,114	22,531
Depreciation	1,061	50,818	18,107	5,149	208	6,968	2,413	2,577	5,945	370,310	306,515
Asset impairment	-	-	-	-	-	-	-	-	-	108,923	-
Uncollectible accounts	-	-	-	-	-	-	-	-	-	-	83
TOTAL EXPENSES	\$ 778,416	\$ 4,153,338	\$ 2,573,226	\$ 855,097	\$ 47,389	\$ 1,947,432	\$ 76,375	\$ 115,452	\$ 125,742	\$ 16,790,790	\$ 14,328,406

See independent auditors' report

DDSD SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES

DALE ROGERS TRAINING CENTER, INC.

Homemaker Services

	June 30	
	2013	2012
REVENUES		
Contract/Grants		
Procedure Code S5130	\$ -	\$ -
Procedure Code S5130 SE	-	-
Procedure Code S5150	7,740	8,674
TOTAL REVENUES	7,740	8,674
EXPENSES		
Non-Administration Labor:		
Supervision Expenses	864	813
Homemaker Service Staff Regular Expenses	1,413	1,508
Homemaker Service Staff Overtime		
Premium & Related Benefits	-	-
Total Non-Admin. Labor	2,277	2,321
Administration	3,799	3,911
TOTAL EXPENSES	6,076	6,232
CHANGE IN NET ASSETS	\$ 1,664	\$ 2,442
Units of Service Provided	3,440	3,855
Number of Individuals Served (Unduplicated count)	7	10

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	
	2013	2012
REVENUES		
Revenues received through procedure code S0215	\$ 9,693	\$ 9,242
Revenues received through procedure code A0130	127	64
Revenues received through procedure code T2004	11,340	9,945
Other Revenues	-	-
TOTAL REVENUES	21,160	19,251
EXPENSES		
Adapted and Non Adapted Transportation Expense	47,804	38,113
Public Transportation Expense	-	-
	47,804	38,113
Administration Expense	10,384	8,680
TOTAL EXPENSES	58,188	46,793
CHANGE IN NET ASSETS	\$ (37,028)	\$ (27,542)
Number of Individuals Served (Unduplicated count)	51	59

DDSD SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES--Continued

DALE ROGERS TRAINING CENTER, INC.

Other DDSD and all Non-DDSD

	June 30	
	2013	2012
TOTAL REVENUES	\$ 17,752,216	\$ 15,039,739
TOTAL EXPENSES	16,617,602	14,275,381
CHANGE IN NET ASSETS	<u>\$ 1,134,614</u>	<u>\$ 764,358</u>

See independent auditors' report