

Dale Rogers Training Center, Inc.

Financial Report
June 30, 2017

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Independent Auditor's Report

To 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), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements (collectively 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 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, 2017 and 2016, and its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information in Relation to Financial Statements

Our audits were 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or the basic 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.

RSM US LLP

Oklahoma City, Oklahoma
December 29, 2017

Dale Rogers Training Center, Inc.

**Statements of Financial Position
June 30, 2017 and 2016**

	2017	2016
Assets		
Current assets:		
Cash	\$ 6,318,098	\$ 4,221,392
Certificates of deposits	487,434	481,719
Contracts receivable	1,445,450	2,763,736
Accounts receivable	194,863	59,990
Inventory	153,286	177,972
Prepaid expenses	238,978	204,588
Investments	2,101,731	1,679,394
Assets held for sale	3,934	106,264
Total current assets	10,943,774	9,695,055
Property and equipment, net	3,903,671	4,164,961
Other noncurrent assets:		
Beneficial interest in assets held by others	88,034	83,702
Total assets	\$ 14,935,479	\$ 13,943,718
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 389,340	\$ 354,803
Accrued expenses	923,101	577,455
Total liabilities	1,312,441	932,258
Net assets:		
Unrestricted	13,449,810	12,799,870
Temporarily restricted	98,276	136,638
Permanently restricted	74,952	74,952
Total liabilities and net assets	\$ 14,935,479	\$ 13,943,718

See notes to financial statements.

Dale Rogers Training Center, Inc.

**Statements of Activities
Years Ended June 30, 2017 and 2016**

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:								
Cash contributions	\$ 36,383	\$ 500	\$ -	\$ 36,883	\$ 26,424	\$ 425	\$ -	\$ 26,849
Noncash contributions	2,907	-	-	2,907	7,475	152,284	-	159,759
SourceAmerica contracts	14,553,962	-	-	14,553,962	14,754,629	-	-	14,754,629
Other contracts	225,400	-	-	225,400	217,803	-	-	217,803
United Way	-	162,763	-	162,763	-	155,701	-	155,701
State financial assistance	2,097,961	-	-	2,097,961	2,113,548	-	-	2,113,548
Revenue from sale of acrylic, frames, and gifts	1,113,554	-	-	1,113,554	866,603	-	-	866,603
Investment income (loss)	186,364	-	-	186,364	(72)	-	-	(72)
Contributions from OCCF	14,894	-	-	14,894	14,612	-	-	14,612
Auxiliary services	15,635	-	-	15,635	15,914	-	-	15,914
Vocational training	5,100	-	-	5,100	5,865	-	-	5,865
Camp Tumbleweed	12,635	-	-	12,635	13,392	-	-	13,392
Gain on sale of assets	2,295	-	-	2,295	583	-	-	583
Miscellaneous	52,154	-	-	52,154	26,200	-	-	26,200
Net assets released from restrictions:								
Satisfaction of program and donor restrictions	201,625	(201,625)	-	-	196,988	(196,988)	-	-
Total revenues and support	18,520,869	(38,362)	-	18,482,507	18,259,964	111,422	-	18,371,386
Expenses and distributions:								
Tinker work project/food service	1,445,724	-	-	1,445,724	1,362,285	-	-	1,362,285
Altus work project/food service	-	-	-	-	198,496	-	-	198,496
Tinker work project/custodial	5,224,021	-	-	5,224,021	5,079,403	-	-	5,079,403
Tinker work project/administration custodial	3,254,578	-	-	3,254,578	3,197,349	-	-	3,197,349
GSA custodial	950,680	-	-	950,680	959,277	-	-	959,277
US Marshal custodial	49,972	-	-	49,972	50,031	-	-	50,031
FAA custodial	2,024,403	-	-	2,024,403	2,028,701	-	-	2,028,701
Lockheed Martin Partnership	152,843	-	-	152,843	162,774	-	-	162,774
Vocational Services program	2,094,904	-	-	2,094,904	1,921,945	-	-	1,921,945
Mobile Workforce program	173,000	-	-	173,000	195,886	-	-	195,886
Employment Services program	844,867	-	-	844,867	802,948	-	-	802,948
Transition program	127,424	-	-	127,424	147,161	-	-	147,161
Camp Tumbleweed program	37,844	-	-	37,844	29,404	-	-	29,404
Special Needs program	146,275	-	-	146,275	136,192	-	-	136,192
Auxiliary Transportation program	164,107	-	-	164,107	156,295	-	-	156,295
Auxiliary Day Care program	19,250	-	-	19,250	17,465	-	-	17,465
Management and general	1,047,958	-	-	1,047,958	1,074,486	-	-	1,074,486
Total expenses and distributions	17,757,850	-	-	17,757,850	17,520,098	-	-	17,520,098
Change in net assets from continuing operations	763,019	(38,362)	-	724,657	739,866	111,422	-	851,288
Discontinued operations:								
Loss on discontinued operations	(113,079)	-	-	(113,079)	(164,863)	-	-	(164,863)
Change in net assets	649,940	(38,362)	-	611,578	575,003	111,422	-	686,425
Net assets at beginning of year	12,799,870	136,638	74,952	13,011,460	12,224,867	25,216	74,952	12,325,035
Net assets at end of year	<u>\$ 13,449,810</u>	<u>\$ 98,276</u>	<u>\$ 74,952</u>	<u>\$ 13,623,038</u>	<u>\$ 12,799,870</u>	<u>\$ 136,638</u>	<u>\$ 74,952</u>	<u>\$ 13,011,460</u>

See notes to financial statements.

Dale Rogers Training Center

Statements of Cash Flows Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 611,578	\$ 686,425
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	386,019	476,256
(Gain) loss on sale of property and equipment	95,966	(583)
(Gain) loss on investments	(173,448)	33,651
Non cash contribution of vehicles	-	(149,784)
Change in value of beneficial interest in assets held by others	(8,193)	(426)
Change in operating assets and liabilities:		
Receivables	1,183,413	(989,633)
Inventory	24,676	24,446
Prepaid expenses	(34,390)	37,613
Accounts payable	34,537	(304,772)
Accrued expenses	345,646	(229,092)
Net cash provided by operating activities	2,465,804	(415,899)
Cash flows from investing activities:		
Purchase of investments	(1,052,022)	(537,427)
Proceeds from sales of investments	803,133	506,088
Purchase certificate of deposits	-	(481,719)
Proceeds from beneficial interest	3,861	3,268
Proceeds from sale of property and equipment	-	1,062
Purchases of property and equipment	(124,070)	(149,954)
Net cash used in investing activities	(369,098)	(658,682)
Net change in cash and cash equivalents	2,096,706	(1,074,581)
Cash and cash equivalents at beginning of year	4,221,392	5,295,973
Cash and cash equivalents at end of year	<u><u>\$ 6,318,098</u></u>	<u><u>\$ 4,221,392</u></u>
Supplemental disclosure information:		
Vehicles acquired by donation	<u><u>\$ -</u></u>	<u><u>\$ 149,784</u></u>

See notes to financial statements.

Dale Rogers Training Center, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Dale Rogers Training Center, Inc. (the Organization) is a private, nonprofit 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 (SourceAmerica 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, 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, six contracts were in effect related to SourceAmerica, making up approximately 79 percent 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 contributions.

Basis of presentation: The Organization's financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor-imposed restrictions.

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

Board-designated net assets: Board-designated net assets are unrestricted net assets which are designated for specific purposes as described in Note 4.

Temporarily restricted net assets: Temporarily restricted net assets are 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: Permanently restricted net assets are 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.

Concentrations of credit risk: The Organization 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.

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, excluding cash and cash equivalent funds held in the Organization's investment portfolio, to be cash equivalents.

Certificate of deposits: Certificates of deposits are reported at cost which approximates fair market value.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Receivables and credit policies: Accounts and contract receivables are uncollateralized customer obligations due under normal trade terms generally requiring payment within 30 days from the invoice date. Receivables are recorded based on the amounts invoiced to customers. Interest and delinquency fees are not assessed. Discounts allowed for early payment or other contract provisions, if any, are charged against income when the payment is received. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amounts of accounts receivable are reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts based on historical collection trends and an assessment of the creditworthiness of current customers. The adequacy of the allowance for doubtful accounts is evaluated periodically through an individual assessment of potential losses on customer accounts giving particular emphasis to accounts with invoices more than 90 days past the due date. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to trade accounts receivable. Recoveries on accounts previously written off are credited back to the allowance for doubtful accounts. Changes in the allowance for doubtful accounts have not been material to the financial statements.

Inventory: Inventory is made up of materials and supplies used in the production of acrylic products, products sold by the gift shop, 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.

Investments: Investments are reported at fair value in accordance with Accounting Standards Codification (ASC) Topic 820, Fair Value Measurement and Disclosures (ASC 820). Investments consist of marketable securities, including mutual funds and equity securities. Realized gains and losses on sales of marketable securities are calculated using the first-in first-out method.

Beneficial interest in assets held by others: The Organization follows the Financial Accounting Standards Board 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 5). The Organization reports its beneficial interest in funds held by the Oklahoma City Community Foundation (the Foundation) at estimated fair value, as reported by the Foundation.

Property and equipment: It is the Organization's policy to capitalize property and equipment with a cost basis of over \$1,000. Lesser amounts or items that do not contribute value to future periods or extend the life of an asset are expensed. In addition, the threshold for capitalization increases for ground and building renovations to \$5,000. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. Maintenance and repairs are charged to operations when incurred.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Fair value measurements: The Organization follows ASC Topic 820, Fair Value Measurements, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable and significant to the fair value measurement.

Financial assets and liabilities carried at fair value on a recurring basis include investments in marketable securities and beneficial interest held by the Foundation.

Contribution revenue: Contributions received, including unconditional promises to give, are reported as unrestricted, temporarily restricted, or permanently restricted contribution revenue depending on the existence or nature of any donor restrictions. The Organization reports gifts of cash and other assets as restricted contributions if they are received with donor imposed restrictions that limit the timing or use of the donated assets.

When a donor restriction is satisfied, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions made, including unconditional promises to give, are recognized as expenses in the period made at their estimated fair values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met.

Program and contract revenue: Program and contract revenues are recognized when earned and/or when the related services are provided. The Organization follows the ASC, which states that resources received in exchange transactions shall be classified as unrestricted revenues and net assets, even in circumstances in which the resource provider places limitations on the use of the resources. As such, contract revenue received which may include restrictions on its use are reported as unrestricted revenues and net assets, because these limitations are not donor-imposed restrictions on contributions.

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.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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.

Functional allocation of expenses: Costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Costs are allocated between program costs for manufacturing and service contracts; program services, other, and management and general based on evaluations of the related activities.

Program costs for manufacturing and service contracts include those expenses directly related to the Organization's manufacturing operations and labor provided for service contracts, both of which employ disabled individuals in keeping with the Organization's mission. Program services, other, includes those expenses related to the rehabilitation services as well as other programs offered by the Organization for the disabled. Management and general expenses include those expenses that are not directly identifiable with any other specific function but which provide for the overall support and direction of the Organization.

Income taxes: The Organization is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code section 501(c) (3) on earnings related to its exempt purpose.

Accounting for uncertain tax positions: The ASC provides guidance on the accounting for uncertainty in income taxes. This guidance requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management evaluates the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Recent accounting pronouncement: On August 26, 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update provide cash flow statement classification guidance for the following eight categories: (1) debt prepayment or debt extinguishment costs; (2) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (3) contingent consideration payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (6) distributions received from equity method investees; (7) beneficial interests in securitization transactions; and (8) separately identifiable cash flows and application of the predominance principle. ASU No. 2016-15 is effective for the Organization's year ending June 30, 2020. Earlier application is permitted. The Organization is currently evaluating the effect implementation of ASU No. 2016-15 will have on its financial statements.

On August 18, 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These amendments include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU No. 2016-14 is effective for the Organization's year ending June 30, 2019. Earlier application is permitted. The Organization is currently evaluating the effect implementation of ASU No. 2016-14 will have on its financial statements.

Dale Rogers Training Center, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update affect any entity that enters into a lease transaction. The primary change from this guidance is that the lessee should recognize the assets and liabilities that arise from all leases over 12 months in length. If the lease is 12 months or less in length, a lessee is permitted to make an accounting policy election by class of the underlying asset not to recognize lease assets and liabilities. If this election is made, the lessee should recognize the lease expense on a straight line basis over the lease term. ASU No. 2016-02 is effective for the Organization's year ending June 30, 2021. Earlier application is permitted. The Organization is currently evaluating the effect implementation of ASU No. 2016-02 will have on its financial statements.

On January 5, 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, the long-awaited final standard on the recognition and measurement of financial instruments. The ASU applies to all entities that hold financial assets or owe financial liabilities and represent the finalization of just one component of the FASB's broader financial instruments project. ASU No. 2016-01 is effective for the Organization's year ending June 30, 2020. Earlier application is permitted. The Organization is currently evaluating the effect implementation of ASU No. 2016-01 will have on its financial statements.

On May 28, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14 which defers the effective date of ASU No. 2014-09 one year making it effective for the Organization's year ending June 30, 2020. Early adoption, subsequent to the Organization's year ending June 30, 2017, is permitted. The Organization is currently evaluating the effect implementation of ASU No. 2014-09 will have on its financial statements.

Subsequent events: Management has evaluated subsequent events through December 29, 2017, the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

Note 2. Restricted Net Assets

The Organization's balance of temporarily restricted net assets consists of the following at June 30:

	2017	2016
Contributions from Oklahoma Department of Human Services	\$ 98,276	\$ 136,638

The Organization's balance of permanently restricted net assets consists of the following at June 30:

	2017	2016
Amount of initial contribution to the endowment for operations	\$ 74,952	\$ 74,952

Dale Rogers Training Center, Inc.

Notes to Financial Statements

Note 2. Restricted Net Assets (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows for the year ended June 30:

	2017	2016
Other expenses	\$ 500	\$ 2,925
United Way allocation	162,763	155,701
Oklahoma Department of Human Services 5-year contribution	38,362	38,362
	<u>\$ 201,625</u>	<u>\$ 196,988</u>

Note 3. Contracts Receivable

As of June 30, 2017 and 2016, accounts receivable from contracts were composed of the following:

	2017	2016
Department of Human Services	\$ 159,097	\$ 144,094
SourceAmerica contracts	1,247,734	2,582,761
Lockheed Martin contracts	38,619	36,881
	<u>\$ 1,445,450</u>	<u>\$ 2,763,736</u>

The Organization considers all receivables to be fully collectible. Accordingly, no allowance for uncollectible receivables has been provided at June 30, 2017 and 2016.

Note 4. Designated Funds

The Organization has board designated net assets totaling \$3,453,575 and \$3,232,749 at June 30, 2017, and 2016, respectively. These fund have been designated by the Board for expansion, development, and reserve purposes, and are not considered to be available for regular workshop program operations. However, the Board could release funds if workshop operating reserves were depleted.

Note 5. Beneficial Interest in Assets Held by Others

In the current and previous years, the Organization transferred funds to the Oklahoma City Community Foundation, Inc. (the Foundation) and specified itself as the beneficiary of the funds. Annually, distributions from the funds are paid to the Organization according to the Foundation's spending policy. The Foundation maintains variance power over these funds, which totaled \$88,034 and \$83,702 at June 30, 2017 and 2016, respectively. 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. The Foundation 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.

In addition to the funds discussed above, the Foundation maintains other funds that have been contributed by various donors to the Foundation for the benefit of the Organization. These funds are not included as assets of the Organization, as the Organization has been designated as the recipient of all earnings of the donated funds, and are subject to investment and distribution policies of the Foundation. For the years ended June 30, 2017 and 2016, the Organization received \$14,957 and \$14,894, respectively, from these funds. At June 30, 2017 and 2016, the fair value of the funds was approximately \$320,000 and \$303,000, respectively.

Dale Rogers Training Center, Inc.

Notes to Financial Statements

Note 6. Fair Value Measurements

As described in Note 1, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. In estimating fair value, the Organization utilizes valuation techniques that are consistent with the market approach. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. Fair values may not represent actual values of assets that could have been realized on the measurement date or that will be realized in the future. The valuation process for investments is the responsibility of the Organization's Board of Directors and all other fair value measurements are the responsibility of the Organization's accounting department. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for classification within the fair value hierarchy, are as follows:

Cash and cash equivalents and receivables: The assets' carrying amounts approximate fair value due to the short-term nature of the financial instruments.

Investments: These assets are stated at fair value based on the current market value of the assets in the portfolio. These investments are priced by nationally recognized third party pricing services using quoted market prices when available or their best estimate of fair value. The Organization gives highest priority to quoted prices in active markets for identical assets accessed at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis and the Organization classifies all such assets as Level 1.

Beneficial Interest in assets held by others: Beneficial interests in assets held by others are primarily pooled investment funds held and managed by the Oklahoma City Community Foundation, which the Organization does not have the ability to redeem. Due to the lack of observable inputs in determining the estimated fair value of this asset, the Organization has categorized it as Level 3 within the hierarchy table.

Accounts payable, accrued expenses: The liabilities' carrying amounts approximate fair value due to the short-term nature of the financial instruments.

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

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	\$ 198,342	\$ -	\$ -	\$ 198,342
Common stocks	1,153,211	-	-	1,153,211
Mutual funds - equities	14,868			
Mutual funds - fixed income	735,310	-	-	735,310
Total investments	2,101,731	-	-	2,101,731
Beneficial interest in assets held by other	-	-	88,034	88,034
	<u>\$ 2,101,731</u>	<u>\$ -</u>	<u>\$ 88,034</u>	<u>\$ 2,277,799</u>

Dale Rogers Training Center, Inc.

Notes to Financial Statements

Note 6. Fair Value Measurements (Continued)

	June 30, 2016			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	\$ 122,974	\$ -	\$ -	\$ 122,974
Common stocks	851,675	-	-	851,675
Mutual funds - fixed income	704,745	-	-	704,745
Total investments	1,679,394	-	-	1,679,394
Beneficial interest in assets held by other	-	-	83,702	83,702
	<u>\$ 1,679,394</u>	<u>\$ -</u>	<u>\$ 83,702</u>	<u>\$ 1,763,096</u>

Change in fair value of the Organization's level 3 investments for the year ended June 30, 2017, and 2016, is as follows:

	Endowment Funds Held by Community Foundation	
	2017	2016
Beginning of year	\$ 83,702	\$ 86,544
Contribution	-	-
Distribution	(3,861)	(3,268)
Change in value of beneficial interest	8,193	426
End of year	<u>\$ 88,034</u>	<u>\$ 83,702</u>

The summary of changes in fair value of Level 3 assets has been prepared to reflect the activity in the same categories as those provided to the Organization by the Oklahoma City Community Foundation. Net investment performance includes realized and unrealized gains (losses) on investments, investment income and administrative fees and is included in change in value of beneficial interest in assets held by the Oklahoma City Community Foundation in the statement of activities. Distributions from the Oklahoma City Community Foundation decrease the Organization's beneficial interest and increase cash at the time of distribution.

The following table summarizes the valuation techniques and significant unobservable inputs used by the Organization that are categorized within Level 3 of the fair value hierarchy as of June 30.

Investment Type	Fair Value		Valuation Techniques	Unobservable Input (b)	Range of Inputs (Weighted Average)
	2017	2016			
Beneficial interests in assets held by the community	<u>\$ 88,034</u>	<u>\$ 83,702</u>	Income Approach (c)	Discount Rate (a)	0% (0%)

- (a) Represents amounts used when the reporting entity has determined that market participants would take into account these returns when pricing the investments.
- (b) Significant increases or decreases in any of the above unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.
- (c) Fair value of the asset/liability is the expected future cash inflows/outflows, which is based on the fair value of the underlying investment assets, and at this time management believes no discounts to the fair values is appropriate.

Dale Rogers Training Center, Inc.**Notes to Financial Statements**

Note 7. Property and Equipment

Property and equipment are stated at cost (or fair value if donated) as follows at June 30:

	Estimated Useful Lives	2017	2016
Land	-	\$ 225,547	\$ 225,547
Buildings and improvements	10-39 years	4,940,926	4,894,955
Machinery and equipment	3-10 years	2,406,876	2,350,927
Vehicles	3-10 years	712,171	727,908
		8,285,520	8,199,337
Less accumulated depreciation		(4,381,849)	(4,034,376)
		<u>\$ 3,903,671</u>	<u>\$ 4,164,961</u>

Property and equipment are depreciated using the straight-line method. Depreciation expense was approximately \$386,000 and \$476,000 for the years ended June 30, 2017 and 2016, respectively.

Note 8. Operating Lease Commitments

As of June 30, 2017, the total remaining operating lease payments under noncancelable operating leases, which pertain to office equipment and vehicles expiring between 2018 and 2022, are as follows:

Years ending June 30:	
2018	\$ 29,261
2019	26,432
2020	13,547
2021	1,227
2022	1,227
	<u>\$ 71,694</u>

Rental expense under operating leases was approximately \$45,000 and \$43,000, respectively, for the years ended June 30, 2017 and 2016.

Note 9. Retirement 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.

Dale Rogers Training Center, Inc.

Notes to Financial Statements

Note 10. Endowment Disclosures

The Organization's endowment consists of a one-time gift from a donor. The endowment was created through donor-restricted endowment funds. The initial contribution may not be spent but all earnings generated from the corpus may be spent as designated by the Organization's board of directors. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The board of directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purposes of the Organization and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Organization, and
- The investment policies of the Organization.

Endowment net asset composition by type of fund as of June 30, 2017, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 74,952	\$ 74,952
Board-designated endowment funds	137,743	-	-	137,743
	<u>\$ 137,743</u>	<u>\$ -</u>	<u>\$ 74,952</u>	<u>\$ 212,695</u>

Dale Rogers Training Center, Inc.

Notes to Financial Statements

Note 10. Endowment Disclosures (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 121,966	\$ -	\$ 74,952	\$ 196,918
Investment return	15,777	-	-	15,777
Endowment net assets, end of year	<u>\$ 137,743</u>	<u>\$ -</u>	<u>\$ 74,952</u>	<u>\$ 212,695</u>

Endowment net asset composition by type of fund as of June 30, 2016, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 74,952	\$ 74,952
Board-designated endowment funds	121,966	-	-	121,966
	<u>\$ 121,966</u>	<u>\$ -</u>	<u>\$ 74,952</u>	<u>\$ 196,918</u>

Changes in endowment net assets for the fiscal year ended June 30, 2016, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 121,917	\$ -	\$ 74,952	\$ 196,869
Investment loss	49	-	-	49
Endowment net assets, end of year	<u>\$ 121,966</u>	<u>\$ -</u>	<u>\$ 74,952</u>	<u>\$ 196,918</u>

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature are required to be reported in unrestricted net assets. There were no deficiencies at June 30, 2017 and 2016, required to be reported in unrestricted net assets.

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested with the trustees whose investment policy emphasizes preservation of capital, protection against inflation, and a continuing source of income.

Spending policy and how the investment objectives relate to spending policy: The distribution policy of the trustees to beneficiary organization is determined by the Organization board of directors' based on the original endowment agreement. The Organization has evaluated the investment and spending policies of the trustees to sufficiently protect the purchasing power of the endowments and allocates distributions received to be available for use in specific programs.

Dale Rogers Training Center, Inc.

Notes to Financial Statements

Note 11. Investment Income

The investment income (loss) consists of the realized and unrealized gains (losses), dividends on investments, and change in the value of the beneficial interest, net of investment fees. The breakdown of the investment income for the years ended June 30 were as follows:

	2017	2016
Realized gains (losses)	\$ 46,401	\$ (11,477)
Unrealized gains (losses)	127,047	(22,173)
Dividend and interest	29,342	55,778
Investment fees	(24,619)	(22,626)
Change in value of beneficial interest	8,193	426
	<u>\$ 186,364</u>	<u>\$ (72)</u>

Note 12. Discontinued Operations

In July 2016, the Organization discontinued its operation of its Papa Murphy's franchise. The Organization has sold the majority of the fixed assets from its Papa Murphy's location. Papa Murphy's International released the Organization from the franchise agreement with no penalty for early termination.

The Organization reclassified the net book value fixed assets and unamortized franchise fees for the Papa Murphy's operation to the assets held for sales in the accompany statement of financial position. The net book value of the fixed assets was \$3,924 and \$106,264 as of June 30, 2017 and 2016. The Papa Murphy's franchise fees were \$-0- and \$-0- as of June 30, 2017 and 2016.

The following summarizes the results of operations for the Papa Murphy's for the years ended June 30, 2017 and 2016.

	2017	2016
Revenues	\$ 23,784	\$ 278,289
Expenses	(38,602)	(443,152)
Loss on sale of equipment	(98,261)	-
Loss on discontinued operations	<u>\$ (113,079)</u>	<u>\$ (164,863)</u>

Supplementary Information

Dale Rogers Training Center, Inc.

Supplemental Schedule of Revenues and Support
Years Ended June 30, 2017 and 2016

	Vocational Services	Mobile Workforce	Employment Services	Transition	Camp Tumbleweed	Special Needs	Auxiliary Transportation	Auxiliary Day Care	Mgmt.& General	Papa Murphy's Pizza	Tinker Food Service
Income:											
SourceAmerica and other contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,681,784
Other contracts	-	-	-	-	-	-	-	-	-	-	-
Papa Murphy's Pizza	-	-	-	-	-	-	-	-	-	23,784	-
Sheltered Workshop—DDSD	270,993	-	-	-	-	25,960	-	-	-	-	-
Adult day care—DDSD	12,234	-	-	-	-	1,134	-	-	-	-	-
CIE—DDSD	-	20,656	35,479	-	-	-	-	-	-	-	-
Center-based waiver	321,965	-	-	-	-	70,517	-	-	-	-	-
Supplemental supports waiver	-	-	-	-	-	18,495	-	-	-	-	-
Direct supports waiver	-	-	-	-	-	5,209	-	-	-	-	-
Homemaker waiver	3,395	-	-	-	5,760	-	-	-	-	-	-
Non-federal medical services	9,724	831	-	-	-	1,807	-	-	-	-	-
Community waiver services	-	45,014	-	-	-	-	-	-	-	-	-
Job coach waiver services	-	143,139	-	-	-	-	-	-	-	-	-
Mileage waiver services	-	6,319	-	-	-	147	-	-	-	-	-
Individual job coach/stabilization waiver services	-	-	9,893	-	-	-	-	-	-	-	-
Supported employment—DRS	-	-	235,914	-	-	-	-	-	-	-	-
Employment and retention—DRS	-	-	676,115	-	-	-	-	-	-	-	-
Job placement—DRS	-	-	27,008	-	-	-	-	-	-	-	-
Support services—DRS	-	-	38,250	-	-	-	-	-	-	-	-
Project Search—DRS	-	-	27,008	-	-	-	-	-	-	-	-
Jobs- DRS	-	-	36,125	-	-	-	-	-	-	-	-
Ticket to Work—SSA	-	-	-	-	-	-	-	-	-	-	-
iJobs—DRS	-	-	-	1,000	-	-	-	-	-	-	-
Transition school to work—DRS	-	-	-	34,500	-	-	-	-	-	-	-
PETS- DRS	-	-	-	-	500	-	-	-	-	-	-
Camp Tumbleweed—private pay	-	-	-	-	12,635	-	-	-	-	-	-
Workshop sales	238,167	-	-	-	-	-	-	-	-	-	-
Acrylic sales	650,137	-	-	-	-	-	-	-	-	-	-
Frame sales	216,393	-	-	-	-	-	-	-	-	-	-
Gift Store Sales	8,857	-	-	-	-	-	-	-	-	-	-
Online store sales	-	-	-	-	-	-	-	-	-	-	-
Transportation—public waiver	-	-	-	-	-	-	12,870	-	-	-	-
Transportation—private pay	-	-	-	-	-	-	10,215	-	-	-	-
Day care—private pay	-	-	-	-	-	-	-	5,420	-	-	-
Vacational service - private pay	5,100	-	-	-	-	-	-	-	-	-	-
United Way allocation	76,000	-	-	-	12,800	17,000	50,213	6,750	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	2,295	(98,261)	-
Miscellaneous income	17,005	-	-	-	-	-	-	-	11,336	-	-
Restricted contributions	-	-	-	-	-	-	-	-	1,165	-	-
Other revenue	134,142	15,982	80,352	2,627	2,346	10,380	5,424	901	-	-	-
Total income	\$ 1,964,112	\$ 231,941	\$1,166,144	\$ 38,127	\$ 34,041	\$ 150,649	\$ 78,722	\$ 13,071	\$ 14,796	\$ (74,477)	\$ 1,681,784

(Continued)

Dale Rogers Training Center, Inc.

Supplemental Schedule of Revenues and Support (Continued)
Years Ended June 30, 2017 and 2016

	Tinker Custodial	Tinker Admin Custodial	GSA Custodial	US Marshal Custodial	FAA Custodial	Lockheed Martin Ptnshp	Total	
							2017	2016
Income:								
SourceAmerica and other contracts	\$ 6,057,422	\$ 3,565,918	\$ 989,325	\$ 69,933	\$ 2,189,580	\$ -	\$ 14,553,962	\$ 14,754,629
Other contracts	-	-	-	-	-	225,400	225,400	217,803
Papa Murphy's Pizza	-	-	-	-	-	-	23,784	277,950
Sheltered Workshop—DDSD	-	-	-	-	-	-	296,953	304,974
Adult day care—DDSD	-	-	-	-	-	-	13,368	13,884
CIE—DDSD	-	-	-	-	-	-	56,135	61,053
Center-based waiver	-	-	-	-	-	-	392,482	424,074
Supplemental supports waiver	-	-	-	-	-	-	18,495	33,776
Direct supports waiver	-	-	-	-	-	-	5,209	4,368
Homemaker waiver	-	-	-	-	-	-	9,155	11,734
Non-federal medical services	-	-	-	-	-	-	12,362	13,833
Community waiver services	-	-	-	-	-	-	45,014	49,128
Job coach waiver services	-	-	-	-	-	-	143,139	178,157
Mileage waiver services	-	-	-	-	-	-	6,466	7,759
Individual job coach/stabilization waiver services	-	-	-	-	-	-	9,893	18,953
Supported employment—DRS	-	-	-	-	-	-	235,914	546,507
Employment and retention—DRS	-	-	-	-	-	-	676,115	297,295
Job placement—DRS	-	-	-	-	-	-	27,008	1,250
Support services—DRS	-	-	-	-	-	-	38,250	900
Project Search—DRS	-	-	-	-	-	-	27,008	4,933
Jobs- DRS	-	-	-	-	-	-	36,125	2,500
Ticket to Work—SSA	-	-	-	-	-	-	-	23,774
iJobs—DRS	-	-	-	-	-	-	1,000	2,870
Transition school to work—DRS	-	-	-	-	-	-	34,500	97,958
PETS- DRS	-	-	-	-	-	-	500	999
Camp Tumbleweed—private pay	-	-	-	-	-	-	12,635	13,392
Workshop sales	-	-	-	-	-	-	238,167	250,410
Acrylic sales	-	-	-	-	-	-	650,137	414,821
Frame sales	-	-	-	-	-	-	216,393	187,235
Gift Store Sales	-	-	-	-	-	-	8,857	-
Online store sales	-	-	-	-	-	-	-	14,132
Transportation—public waiver	-	-	-	-	-	-	12,870	12,870
Transportation—private pay	-	-	-	-	-	-	10,215	9,723
Day care—private pay	-	-	-	-	-	-	5,420	6,191
Vacational service - private pay	-	-	-	-	-	-	5,100	5,865
United Way allocation	-	-	-	-	-	-	162,763	155,701
Gain (loss) on sale of assets	-	-	-	-	-	-	(95,966)	583
Miscellaneous income	-	11,442	100	-	-	-	39,883	7,943
Restricted contributions	-	-	-	-	-	-	1,165	152,709
Other revenue	-	-	-	-	-	-	252,154	67,039
Total income	\$ 6,057,422	\$ 3,577,360	\$ 989,425	\$ 69,933	\$ 2,189,580	\$ 225,400	\$ 18,408,030	\$ 18,649,675

Dale Rogers Training Center, Inc.

Supplemental Schedule of Functional Expenses
Years Ended June 30, 2017 and 2016

	Program Expense										
	Vocational Services	Mobile Workforce	Employment Services	Transition	Camp Tumbleweed	Special Needs	Auxiliary Transportation	Auxiliary Day Care	Papa Murphy's Pizza	Tinker Food Service	Tinker Custodial
Salaries	\$ 1,186,124	\$ 129,709	\$ 641,932	\$ 89,278	\$ 28,669	\$ 110,884	\$ 76,949	\$ 13,070	\$ 4,382	\$ 790,101	\$ 2,441,601
Employee benefits	57,801	10,076	50,253	6,381	1,798	8,658	514	348	364	263,749	890,571
Workers' compensation	33,141	2,891	20,686	3,205	1,034	3,633	323	2,511	71	26,918	138,552
Payroll taxes	68,481	7,373	42,282	5,378	2,029	6,142	4,771	402	353	70,323	206,387
Total compensation	1,345,547	150,049	755,153	104,242	33,530	129,317	82,557	16,331	5,170	1,151,091	3,677,111
Contract services	29,294	-	-	-	-	-	-	-	879	21,857	395,930
Professional fees	1,106	112	1,659	344	62	166	-	-	2,726	96	1,079
Royalties	-	-	-	-	-	-	-	-	556	-	-
SourceAmerica commission	-	-	-	-	-	-	-	-	-	64,347	233,270
Supplies	534,321	3,294	11,130	3,550	1,825	4,797	3,381	1,116	11,339	101,733	580,777
Telephone	15,696	817	13,890	422	93	1,031	634	165	969	4,428	28,551
Postage	73	-	-	-	-	-	-	-	-	222	87
Uniforms/rentals	3,855	-	-	-	-	-	-	-	-	29,048	33,528
Occupancy	56,131	3,411	7,064	1,691	459	4,305	2,646	690	10,286	-	2,167
Maintenance and repairs	35,734	2,186	1,771	1,117	260	2,758	1,696	441	1,731	17,465	24,040
Insurance	12,639	3,469	8,129	3,821	521	1,613	15,995	507	552	4,071	30,410
Printing and publications	(1,817)	-	-	-	-	-	-	-	-	-	-
Transportation	20,074	8,904	39,735	10,660	922	366	57,198	-	-	1,380	23,872
Conventions and meetings	1,090	153	1,116	246	-	708	-	-	-	698	2,671
Subscriptions/publications	-	-	-	-	-	-	-	-	-	-	-
Organizational dues	-	-	-	-	-	-	-	-	-	665	15
Recruitment/advertising	30,181	605	4,946	1,211	172	1,166	-	-	1,143	2,703	2,986
Miscellaneous expense	10,980	-	274	120	-	48	-	-	1,321	4,332	13,133
Equipment	-	-	-	-	-	-	-	-	-	925	10,255
Total operating expense	2,094,904	173,000	844,867	127,424	37,844	146,275	164,107	19,250	36,672	1,405,061	5,059,882
Overhead reimb/expense	-	-	-	-	-	-	-	-	-	39,600	126,489
Designated funds expense	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	1,522	1,063	37,650
Asset impairment	-	-	-	-	-	-	-	-	408	-	-
Uncollectible accounts	-	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 2,094,904	\$ 173,000	\$ 844,867	\$ 127,424	\$ 37,844	\$ 146,275	\$ 164,107	\$ 19,250	\$ 38,602	\$ 1,445,724	\$ 5,224,021

(Continued)

Dale Rogers Training Center, Inc.

Supplemental Schedule of Functional Expenses (Continued)
Years Ended June 30, 2017 and 2016

	Tinker Admin Custodial	GSA Custodial	US Marshal Custodial	FAA Custodial	Lockheed Martin Partnership	Mgmt. & General	Total	
							2017	2016
Salaries	\$ 1,339,881	\$ 504,678	\$ 25,914	\$ 1,036,012	\$ 85,163	\$ 447,984	\$ 8,952,331	\$ 8,981,765
Employee benefits	471,231	167,517	8,814	378,720	5,937	102,165	2,424,897	2,389,116
Workers' compensation	69,219	25,671	1,282	53,531	5,014	20,408	408,090	540,768
Payroll taxes	119,676	40,667	1,787	84,436	6,889	86,471	753,847	720,567
Total compensation	2,000,007	738,533	37,797	1,552,699	103,003	657,028	12,539,165	12,632,216
Contract services	453,351	31,576	-	31,417	-	53,423	1,017,727	788,981
Professional fees	448	4	-	175	-	42,335	50,312	58,777
Royalties	-	-	-	-	-	-	556	14,040
SourceAmerica commission	137,240	37,607	2,692	84,299	-	-	559,455	564,701
Supplies	485,134	56,223	5,929	254,569	4,544	29,551	2,093,213	2,103,918
Telephone	16,045	9,118	866	3,774	6,381	26,330	129,210	133,864
Postage	22	7	-	-	-	13,291	13,702	14,072
Uniforms/rentals	-	1,862	-	1,414	-	-	69,707	71,509
Occupancy	1,153	18,641	-	(565)	2,019	11,305	121,403	152,562
Maintenance and repairs	1,257	3,785	16	2,968	3,065	8,098	108,388	99,074
Insurance	19,156	5,205	119	11,448	5,298	27,609	150,562	177,174
Printing and publications	-	-	-	-	-	20,787	18,970	17,964
Transportation	21,614	1,291	-	9,078	12,800	20,661	228,555	259,697
Conventions and meetings	567	-	-	1,061	1,027	12,483	21,820	15,701
Subscriptions/publications	-	-	-	-	-	6,154	6,154	4,599
Organizational dues	15	-	-	-	-	5,494	6,189	5,566
Recruitment/advertising	2,986	-	-	3,076	250	16,935	68,360	104,833
Miscellaneous expense	9,255	9,353	-	3,968	1,846	46,121	100,751	90,160
Equipment	19,678	770	1,081	1,662	(187)	54,338	88,522	102,443
Total operating expense	3,167,928	913,975	48,500	1,961,043	140,046	1,051,943	17,392,721	17,411,851
Overhead reimb/expense	69,300	34,089	1,122	56,100	3,300	(330,000)	-	-
Designated funds expense	-	-	-	-	-	16,070	16,070	15,251
Depreciation	17,350	2,616	350	7,260	9,497	308,697	386,005	442,347
Asset impairment	-	-	-	-	-	-	408	16,837
Uncollectible accounts	-	-	-	-	-	1,248	1,248	76,964
Total expenses	\$ 3,254,578	\$ 950,680	\$ 49,972	\$ 2,024,403	\$ 152,843	\$ 1,047,958	\$ 17,796,452	\$ 17,963,250

