

11:30 AM
09/27/12
Accrual Basis

Bear River Head Start
Balance Sheet
As of January 31, 2012

	Jan 31, 12
ASSETS	
Current Assets	
Checking/Savings	
1020 · Zions Checking	
1021 · Head Start Funds	-8,513.31
1023 · TANF Funds	-23,415.07
1028 · Corporate Funds	27,775.43
Total 1020 · Zions Checking	-4,152.95
1055 · Bank of Utah Donation Fund	1,081.44
1060 · Petty Cash PHS	10.00
1061 · Petty Cash - CCC	10.00
1070 · Corporate CD - LSB	19,051.90
Total Checking/Savings	16,000.39
Other Current Assets	
1115 · CACFP Receivable	27,864.92
1120 · TANF Recievable	23,415.07
1150 · Sales Tax Receivable	63.96
1600 · Headstart Grant Receivable	279,354.86
1700 · EHS Off. Dep. - Century Square	1,925.33
1710 · CCC Off. Dep. - Century Square	893.75
1740 · Larsen-Sant Library Deposit	100.00
Total Other Current Assets	333,617.89
Total Current Assets	349,618.28
Fixed Assets	
1300 · Preston Parent Center	40,000.00
1310 · Equipment - GAAP	206,911.40
1320 · Vehicles - GAAP	198,845.60
1390 · Accum Depr - Preston Center	-40,000.00
1395 · Accum Depr - Equipment GAAP	-149,290.06
1396 · Accum Depr - Vehicles GAAP	-182,926.10
Total Fixed Assets	73,540.84
TOTAL ASSETS	423,159.12
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	37,449.72
Total Accounts Payable	37,449.72
Other Current Liabilities	
2020 · SEP Payable	45,862.45
2021 · Life Insurance Payable	-384.33
2025 · PreTax AFLAC	-482.20
2026 · PostTax AFLAC	63.15
2027 · PreTax Colonial	10.34
2029 · Dental Insurance	5,533.26
2030 · Health Insurance	33,385.37
2200 · Wages Payable	180,516.46
2650 · SUTA Payable	1,711.97
Total Other Current Liabilities	266,216.47
Total Current Liabilities	303,666.19
Total Liabilities	303,666.19

11:30 AM
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Bear River Head Start
Balance Sheet
As of January 31, 2012

	<u>Jan 31, 12</u>
Equity	
3010 · Corporate Funds	19,621.67
3900 · Retained Earnings	28,698.35
3975 · GAAP Net Assets	73,540.84
Net Income	<u>-2,367.93</u>
Total Equity	<u>119,492.93</u>
TOTAL LIABILITIES & EQUITY	<u><u>423,159.12</u></u>

12:35 PM
09/25/12
Accrual Basis

Bear River Head Start

Profit & Loss

February 2011 through January 2012

	Feb '11 - Jan 12
Ordinary Income/Expense	
Income	
4000 · Revenue	4,413,387.59
4050 · Proceeds from sale of assets	1,800.00
Total Income	4,415,187.59
Gross Profit	4,415,187.59
Expense	
5000 · Salaries	
5020 · Leave Time	78,081.37
5021 · 1/2 Yearly Leave Payout	31,022.08
5000 · Salaries - Other	2,544,877.27
Total 5000 · Salaries	2,653,980.72
5100 · Employee Benefits Expense	
5105 · FICA Expense	178,480.62
5110 · SUTA Expense	59,379.10
5120 · Workers Comp	25,026.37
5130 · Health Insurance Expense	
5131 · Health Ins. Deductible Reimburs	29,078.40
5132 · COBRA	0.00
5130 · Health Insurance Expense - Other	603,267.69
Total 5130 · Health Insurance Expense	632,346.09
5140 · Life Insurance	2,401.28
5145 · Employee Assistance Program	2,719.31
5150 · SEP Expense	45,862.45
5100 · Employee Benefits Expense - Other	-11,332.14
Total 5100 · Employee Benefits Expense	934,883.08
5200 · Subs / Temps.	207.70
5300 · Supplies	
5301 · Printing Supplies	9,530.96
5302 · Dues & Subscriptions	5,410.63
5303 · Library Supplies	12,349.28
5304 · Curriculum Supplies	-3.00
5305 · Home Visit Supplies	5,405.91
5306 · Classroom Supplies	18,447.72
5307 · Office Supplies	25,059.53
5308 · Postage Supplies	7,372.88
5300 · Supplies - Other	29,611.62
Total 5300 · Supplies	113,185.53
5330 · Transition Supplies	14.95
5350 · Maintenance & Repairs	
5351 · Building Maintenance	10,109.00
5352 · Equipment Maintenance	6,092.20
5353 · Janitorial Supplies	6,343.07
5350 · Maintenance & Repairs - Other	57.81
Total 5350 · Maintenance & Repairs	22,602.08
5400 · Property Insurance	6,141.93
5420 · Vehicle Insurance	10,249.70
5425 · Professional Liability Insuranc	9,489.41
5430 · Theft Bond Insurance	833.76
5440 · General Liability Insurance	4,348.09
5442 · Accident Insurance	2,827.08
5444 · Directors Liability Insurance	4,533.07
5490 · Professional Accounting Service	30,154.66
5491 · Professional Legal Services	160.00
5494 · Computer Consultation/Technolog	3,266.76

12:35 PM
09/25/12
Accrual Basis

Bear River Head Start

Profit & Loss

February 2011 through January 2012

	Feb '11 - Jan 12
5495 · Professional Child Care Colabor	
5496 · Stipend	36,804.75
5497 · CDA Licensing	50.00
Total 5495 · Professional Child Care Colabor	36,854.75
5501 · Doctors / Dentists Expense	
5502 · Children Doctors / Dentist	-39.13
5503 · Employee Doctors / Dentists	436.00
Total 5501 · Doctors / Dentists Expense	396.87
5504 · Health Screenings - Children	360.00
5505 · Health/Nutri Training & Permits	1,104.02
5506 · Pharmacy	3,059.49
5507 · Dental Supplies	824.73
5508 · Health Supplies - Other	2,424.04
5515 · Health Activities	473.65
5530 · Mental Health Services	23,184.52
5540 · Food - Group Socialization	
5545 · Paper Products - Group Socializ	72.26
5540 · Food - Group Socialization - Other	5,660.29
Total 5540 · Food - Group Socialization	5,732.55
5551 · Centerbased Nutrition	
5553 · CACFP Reimbursement	-149,360.42
5554 · USDA Food	13,573.82
5556 · USDA Non-Staple Food	696.82
5557 · Nutrition Paper Prod. / Supp.	9,007.68
5558 · USDA CHILD - BOX ELDER SCHOOL	20,786.45
5559 · USDA Child - Nest	2,440.25
5560 · USDA CHILD - CACHE	23,577.15
5562 · USDA CHILD - LOGAN	24,933.30
5564 · USDA CHILD - MALAD	7,531.95
5566 · USDA CHILD - PRESTON	7,197.65
5567 · USDA CHILD - PARIS	7,094.55
5568 · USDA CHILD - SODA SPRINGS	4,872.70
5569 · BOX ELDER ADULT SCHOOL DISTRICT	4,489.50
5570 · NEST - ADULT MEALS	1,228.50
5571 · CACHE - ADULT SCHOOL DIST	5,170.50
5573 · LOGAN - ADULT SCHOOL DIST	4,171.75
5574 · SODA SPRINGS - ADULT SCHOOL DST	1,129.25
5575 · MALAD - ADULT SCHOOL DIST	1,257.60
5576 · PARIS - ADULT SCHOOL DIST.	1,756.55
5577 · PRESTON - ADULT SCHOOL DIST	1,947.00
Total 5551 · Centerbased Nutrition	-6,497.45
5600 · Parent Involvement	27,691.03
5610 · Parent Involvement - Mileage	3,642.25
5620 · Parent Involvement - Child Care	4,038.72
5625 · Male Involvement	91.52
5630 · Community Relations Expense	345.61
5650 · Policy Council Expense	3,204.96
5655 · Board Expense	919.27
5660 · Policy Council Mileage	2,870.85
5670 · Policy Council Child Care	1,628.90
5700 · Mileage	81,803.90
5730 · Gas / Vehicle Maintenance	
5731 · Bus Gas & Repairs	1,460.18
5732 · Auto Gas & Repairs	7,688.25
Total 5730 · Gas / Vehicle Maintenance	9,148.43
5800 · RENT	269,400.26
5810 · UTILITIES	44,466.73
5820 · Telephone	23,814.87

12:35 PM
09/25/12
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Bear River Head Start
Profit & Loss
February 2011 through January 2012

	Feb '11 - Jan 12
5886 · Literacy	
5887 · Literact - Child Care / Mileage	1,486.00
5886 · Literacy - Other	1,442.99
Total 5886 · Literacy	2,928.99
5890 · Employability	
5891 · Employ- Child Care / Mileage	96.00
5890 · Employability - Other	2,383.50
Total 5890 · Employability	2,479.50
5896 · Other FD Parent Mileage	38.00
5920 · Training (PA20 FUNDS)	
5925 · Training Travel (PA20 FUNDS)	36,202.07
5920 · Training (PA20 FUNDS) - Other	35,676.04
Total 5920 · Training (PA20 FUNDS)	71,878.11
5950 · Transfer to TANF	0.00
5955 · Transfer to CCSD	0.00
6980 · Inkind Revenue	-1,799,171.27
7000 · Inkind Wages	962,227.44
7005 · Inkind Board / Admin Wages	17,829.34
7010 · Inkind Fringe	303,617.33
7030 · Inkind Goods	22,936.60
7035 · Inkind Professional Services	228,076.89
7040 · Inkind Mileage	15,411.48
7045 · Inkind Space	248,781.69
7046 · Inkind Child Care	290.50
Total Expense	4,415,187.59
Net Ordinary Income	0.00
Net Income	0.00

10:51 AM
10/23/12
Accrual Basis

Bear River Head Start

Profit & Loss Budget Overview

February 2012 through January 2013

	Feb '12 - Jan 13
Ordinary Income/Expense	
Income	
4000 · Revenue	4,849,684.00
Total Income	4,849,684.00
Gross Profit	4,849,684.00
Expense	
5000 · Salaries	
5021 · 1/2 Yearly Leave Payout	33,000.00
5000 · Salaries - Other	2,891,402.00
Total 5000 · Salaries	2,924,402.00
5100 · Employee Benefits Expense	906,511.00
5200 · Subs / Temps.	3,000.00
5300 · Supplies	
5301 · Printing Supplies	10,845.00
5302 · Dues & Subscriptions	3,129.00
5303 · Library Supplies	28,875.00
5304 · Curriculum Supplies	4,891.00
5305 · Home Visit Supplies	7,972.00
5306 · Classroom Supplies	39,989.00
5307 · Office Supplies	42,331.00
5308 · Postage Supplies	13,749.00
5300 · Supplies - Other	59,370.00
Total 5300 · Supplies	211,151.00
5330 · Transition Supplies	699.00
5350 · Maintenance & Repairs	31,975.00
5400 · Property Insurance	7,150.00
5420 · Vehicle Insurance	11,963.00
5425 · Professional Liability Insurance	11,071.00
5430 · Theft Bond Insurance	929.00
5440 · General Liability Insurance	5,226.00
5442 · Accident Insurance	3,447.00
5444 · Directors Liability Insurance	5,263.00
5490 · Professional Accounting Service	38,303.00
5491 · Professional Legal Services	0.00
5494 · Computer Consultation/Technology	5,322.00
5495 · Professional Child Care Colabor	
5496 · Stipend	37,000.00
5497 · CDA Licensing	2,000.00
5498 · Provider Accreditation	500.00
5495 · Professional Child Care Colabor - Other	500.00
Total 5495 · Professional Child Care Colabor	40,000.00
5501 · Doctors / Dentists Expense	
5502 · Children Doctors / Dentist	18,963.00
5503 · Employee Doctors / Dentists	1,897.00
Total 5501 · Doctors / Dentists Expense	20,860.00
5504 · Health Screenings - Children	898.00
5505 · Health/Nutri Training & Permits	3,714.00
5506 · Pharmacy	2,586.00
5507 · Dental Supplies	5,629.00
5508 · Health Supplies - Other	6,283.00
5510 · Health - Childcare / Mileage	399.00
5515 · Health Activities	4,578.00
5530 · Mental Health Services	70,103.00
5540 · Food - Group Socialization	10,264.00

10:51 AM
10/23/12
Accrual Basis

Bear River Head Start

Profit & Loss Budget Overview

February 2012 through January 2013

	Feb '12 - Jan 13
5551 · Centerbased Nutrition	
5553 · CACFP Reimbursement	-165,793.00
5554 · USDA Food	23,100.00
5556 · USDA Non-Staple Food	1,799.00
5557 · Nutrition Paper Prod. / Supp.	7,589.00
5558 · USDA CHILD - BOX ELDER SCHOOL	19,000.00
5559 · USDA Child - Nest	6,480.00
5560 · USDA CHILD - CACHE	24,000.00
5562 · USDA CHILD - LOGAN	27,666.00
5564 · USDA CHILD - MALAD	7,500.00
5566 · USDA CHILD - PRESTON	7,200.00
5567 · USDA CHILD - PARIS	6,900.00
5568 · USDA CHILD - SODA SPRINGS	3,200.00
5569 · BOX ELDER ADULT SCHOOL DISTRICT	4,300.00
5570 · NEST - ADULT MEALS	2,000.00
5571 · CACHE - ADULT SCHOOL DIST	5,900.00
5573 · LOGAN - ADULT SCHOOL DIST	4,125.00
5574 · SODA SPRINGS - ADULT SCHOOL DST	750.00
5575 · MALAD - ADULT SCHOOL DIST	1,200.00
5576 · PARIS - ADULT SCHOOL DIST.	1,600.00
5577 · PRESTON - ADULT SCHOOL DIST	1,600.00
Total 5551 · Centerbased Nutrition	-9,884.00
5585 · Nutrition Training	480.00
5600 · Parent Involvement	37,429.00
5610 · Parent Involvement - Mileage	3,841.00
5620 · Parent Involvement - Child Care	9,651.00
5630 · Community Relations Expense	1,647.00
5650 · Policy Council Expense	3,521.00
5655 · Board Expense	1,434.00
5660 · Policy Council Mileage	2,628.00
5665 · Board Mileage	30.00
5670 · Policy Council Child Care	1,480.00
5700 · Mileage	108,278.00
5730 · Gas / Vehicle Maintenance	12,164.00
5800 · RENT	283,410.00
5810 · UTILITIES	49,648.00
5820 · Telephone	29,782.00
5886 · Literacy	
5887 · Literact - Child Care / Mileage	950.00
5886 · Literacy - Other	5,997.00
Total 5886 · Literacy	6,947.00
5888 · Substance Abuse	
5889 · Sub Abuse - Child Care/ Mileag	1,350.00
5888 · Substance Abuse - Other	2,118.00
Total 5888 · Substance Abuse	3,468.00
5890 · Employability	
5891 · Employ- Child Care / Mileage	950.00
5890 · Employability - Other	7,745.00
Total 5890 · Employability	8,695.00
5895 · Other FD Child Care	710.00
5896 · Other FD Parent Mileage	710.00
5920 · Training (PA20 FUNDS)	82,961.00
5950 · Transfer to TANF	-101,072.00
5955 · Transfer to CCSD	-20,000.00
6980 · Inkind Revenue	0.00
7000 · Inkind Wages	0.00
Total Expense	4,849,684.00
Net Ordinary Income	0.00
Net Income	0.00

BEAR RIVER HEAD START, INC.

Financial Statements

**Government Auditing Standards, OMB Circular A-133
and Other Required Reports**

January 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

BEAR RIVER HEAD START, INC.
Financial Statements
Government Auditing Standards, OMB Circular A-133 and Other Required Reports
Fiscal Years Ended January 31, 2012 and 2011

Table of Contents	<u>Page</u>
Independent Auditors' Report	2
Basic Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	9
Notes to the Financial Statements	10
Supplemental Information:	
Statements of Activities – Grant Basis	15
<u>Government Auditing Standards:</u> Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
<u>OMB Circular A-133:</u> Report on Compliance With Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	18
Schedule of Expenditures of Federal Awards	20
Notes to the Schedule of Expenditures of Federal Awards	21
Schedule of Prior Audit Findings and Questioned Costs	22
Schedule of Findings and Questioned Costs	23



Schmitt, Griffiths, Smith & Co.
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The Board of Directors
Bear River Head Start, Inc.

Independent Auditors' Report

We have audited the accompanying statements of financial position of Bear River Head Start, Inc. ("BRHS") (a not-for-profit organization) as of January 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the fiscal years then ended. These financial statements are the responsibility of BRHS's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRHS as of January 31, 2012 and 2011, and the changes in its net assets and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2012, on our consideration of BRHS'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of activities – grant basis are presented for purposes of additional analysis and are not a required part of the basic financial statements of BRHS. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 American. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Schmitt, Griffiths, Smith & Co.

May 14, 2012

BEAR RIVER HEAD START, INC.
STATEMENTS OF FINANCIAL POSITION
January 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 1,101	\$ 209
Certificate-of-deposit	19,052	18,788
Grants receivable	<u>330,699</u>	<u>476,838</u>
Total current assets	<u>350,852</u>	<u>495,835</u>
Other assets:		
Deposits	2,919	2,819
Equipment, net	<u>73,541</u>	<u>113,677</u>
Total other assets	<u>76,460</u>	<u>116,496</u>
Total assets	<u>\$ 427,312</u>	<u>\$ 612,331</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Checks written in-excess of cash	\$ 4,153	\$ 15,606
Accounts payable	37,450	41,639
Salaries payable	180,516	170,422
Accrued payroll taxes and benefits	39,837	37,720
Retirement payable	<u>45,862</u>	<u>184,948</u>
Total current liabilities	<u>307,818</u>	<u>450,335</u>
Net assets:		
Unrestricted	<u>119,494</u>	<u>161,996</u>
Total liabilities and net assets	<u>\$ 427,312</u>	<u>\$ 612,331</u>

The accompanying notes are an integral
part of these financial statements.

BEAR RIVER HEAD START, INC.
STATEMENTS OF ACTIVITIES
Fiscal Years Ended January 31, 2012 and 2011

<u>Changes in unrestricted net assets</u>	<u>2012</u>	<u>2011</u>
Unrestricted revenues:		
Contracts and grants	\$ 5,073,230	\$ 5,422,549
In-kind contributions	544,172	719,086
Other	<u>5,683</u>	<u>3,805</u>
Total unrestricted revenues and support	<u>5,623,085</u>	<u>6,145,440</u>
Program related expenses:		
Program services	5,292,538	5,694,150
Administration expenses	<u>373,049</u>	<u>443,047</u>
Total program related expenses	<u>5,665,587</u>	<u>6,137,197</u>
Increase (decrease) in unrestricted net assets	<u>(42,502)</u>	<u>8,243</u>
Increase (decrease) in net assets	<u>(42,502)</u>	<u>8,243</u>
Net assets - beginning of year	<u>161,996</u>	<u>153,753</u>
Net assets - end of year	\$ <u><u>119,494</u></u>	\$ <u><u>161,996</u></u>

The accompanying notes are an integral
part of these financial statements.

BEAR RIVER HEAD START, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Fiscal Years Ended January 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Salaries	\$ 2,991,234	\$ 3,040,839
Employee benefits	1,011,083	1,107,253
In-kind costs	544,172	719,086
Supplies and maintenance	159,626	316,328
Rent and utilities	347,183	330,136
Nutrition	163,535	154,379
Training	105,409	104,915
In-area travel	104,193	110,018
Professional services	75,121	80,059
Health	34,855	35,370
Parents	38,096	48,943
Depreciation	34,422	33,630
Insurance	41,884	42,926
Policy council	9,248	8,185
Family service center	<u>5,526</u>	<u>5,130</u>
 Total expenses	 \$ <u><u>5,665,587</u></u>	 \$ <u><u>6,137,197</u></u>

The accompanying notes are an integral
part of these financial statements.

BEAR RIVER HEAD START, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Fiscal Year Ended January 31, 2012

	Program Services					Other grants/ Corporate Funds	Administration	2012 Total
	Utah Head Start	Idaho Head Start	Early Head Start	Idaho TANF	ARRA			
Salaries	\$ 1,285,689	\$ 384,523	\$ 732,883	\$ 58,329	\$ 320,241	\$ 11,312	\$ 198,257	\$ 2,991,234
Employee benefits	447,020	165,402	232,900	22,619	70,245	3,507	69,390	1,011,083
Total personnel	1,732,709	549,925	965,783	80,948	390,486	14,819	267,647	4,002,317
In-kind costs	312,559	115,100	83,379	-	28,724	-	4,410	544,172
Supplies and maintenance	71,484	20,961	28,828	2,471	14,690	6,466	14,726	159,626
Rent and utilities	232,094	7,358	69,418	1,248	6,937	250	29,878	347,183
Nutrition	98,822	39,338	10,386	-	14,939	50	-	163,535
Training	33,564	8,154	29,372	687	33,532	100	-	105,409
In-area travel	33,028	20,894	26,860	4,205	10,991	1,691	6,524	104,193
Professional services	38,126	232	417	37	283	881	35,145	75,121
Health	15,821	4,992	9,684	853	2,427	1,078	-	34,855
Parents	23,592	6,109	5,094	1,015	1,711	575	-	38,096
Depreciation	16,419	5,577	4,337	929	3,718	-	3,442	34,422
Insurance	16,360	5,879	5,043	681	2,494	150	11,277	41,884
Policy council	4,957	1,707	1,658	251	575	100	-	9,248
Family service center	3,137	-	2,309	-	80	-	-	5,526
Total expenses	\$ 2,632,672	\$ 786,226	\$ 1,242,568	\$ 93,325	\$ 511,587	\$ 26,160	\$ 373,049	\$ 5,665,587

(continued)

The accompanying notes are an integral
part of these financial statements.

BEAR RIVER HEAD START, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Fiscal Year Ended January 31, 2011

	Program Services					Other grants/ Corporate Funds	Administration	2011 Total
	Utah Head Start	Idaho Head Start	Early Head Start	Idaho TANF	ARRA			
Salaries	\$ 1,291,369	\$ 373,009	\$ 518,840	\$ 55,249	\$ 602,442	\$ 12,878	\$ 187,052	\$ 3,040,839
Employee benefits	430,903	134,897	261,475	19,482	185,482	3,934	71,080	1,107,253
Total personnel	1,722,272	507,906	780,315	74,731	787,924	16,812	258,132	4,148,092
In-kind costs	292,891	242,226	45,325	-	71,738	-	66,906	719,086
Supplies and maintenance	69,734	23,801	15,462	5,681	169,807	5,875	25,968	316,328
Rent and utilities	203,940	5,352	55,484	912	27,807	251	36,390	330,136
Nutrition	94,383	37,208	4,487	(325)	18,575	51	-	154,379
Training	30,965	7,550	23,168	1,272	39,564	101	2,295	104,915
In-area travel	39,001	20,520	22,469	3,455	20,979	68	3,526	110,018
Professional services	39,425	545	547	43	2,252	2,101	35,146	80,059
Health	18,991	6,664	3,742	1,122	4,770	81	-	35,370
Parents	27,829	7,050	7,154	1,207	4,965	738	-	48,943
Depreciation	16,042	5,448	4,237	908	3,632	-	3,363	33,630
Insurance	16,539	5,783	4,224	977	3,932	150	11,321	42,926
Policy council	4,306	1,474	1,099	248	1,007	51	-	8,185
Family service center	2,943	728	1,079	-	380	-	-	5,130
Total expenses	\$ 2,579,261	\$ 872,255	\$ 968,792	\$ 90,231	\$ 1,157,332	\$ 26,279	\$ 443,047	\$ 6,137,197

The accompanying notes are an integral
part of these financial statements.

BEAR RIVER HEAD START, INC.
STATEMENTS OF CASH FLOWS
Fiscal Years Ended January 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ (42,502)	\$ 8,243
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	34,422.	33,630
Loss on disposal of equipment	5,714	-
Gain on certificate-of-deposit	(264)	(563)
Increase (decrease) in:		
Grants receivable	146,139	33,577
Deposits	(100)	-
Accounts payable	(4,189)	(60,981)
Salaries payable	10,094	12,325
Accrued payroll taxes and benefits	2,117	1,613
Retirement payable	<u>(139,086)</u>	<u>(15,751)</u>
Net cash provided by operating activities	<u>12,345</u>	<u>12,093</u>
<u>Cash flows from investing activities:</u>		
Purchase of equipment	<u>-</u>	<u>(42,395)</u>
Net cash used in investing activities	<u>-</u>	<u>(42,395)</u>
<u>Cash flows from financing activities:</u>		
Checks written-in-excess of cash	<u>(11,453)</u>	<u>15,606</u>
Net cash provided by (used in) investing activities	<u>(11,453)</u>	<u>15,606</u>
Net increase (decrease) in cash	892	(14,696)
Cash and cash equivalents, beginning of year	<u>209</u>	<u>14,905</u>
Cash and cash equivalents, end of year	<u>\$ 1,101</u>	<u>\$ 209</u>

The accompanying notes are an integral
part of these financial statements.

BEAR RIVER HEAD START, INC.
NOTES TO FINANCIAL STATEMENTS
January 31, 2012 and 2011

Note 1 - Nature of Activities and Significant Accounting Policies

Nature of Organization

Bear River Head Start, Inc., ("BRHS") is a non-profit corporation, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Further, it has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. The primary business activity of BRHS is to operate a Head Start program in Northern Utah and in Southeastern Idaho. BRHS is substantially funded by federal grants, receives a limited amount of State and local grants, and operates with only a minimal amount of corporate funds.

The program objectives of BRHS are to provide comprehensive health, education, nutrition, social and other services primarily to economically disadvantaged infants and preschool children and their families, and to involve parents in activities with their children so that the children will attain overall social competence. Parental participation in various decision making processes, related to the operations, is a key factor in the success of the program. Collaborative arrangements with other community agencies are actively established and are a second key factor in the success of the program, through which these objectives are met.

Additional objectives are to establish and operate any program which may improve the quality of life by reducing personal hardship, mobilizing personal resources, and combating community deterioration; to coordinate and integrate the efforts and resources of communities for remedying deficiencies and reducing impoverishment; to promote education and literacy, to improve employability, and to promote health through education and through integration with community resources; and to promote, where necessary, new solutions for those problems beyond resolution by existing resources.

Cash

For purposes of the statement of cash flows, cash includes only deposits with an original maturity of less than three months.

BEAR RIVER HEAD START, INC.
NOTES TO FINANCIAL STATEMENTS
January 31, 2012 and 2011

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

Receivables

BRHS receivables arise primarily from reimbursable grants with government entities. A receivable is recognized, up to the grant amount, when allowable expenses are incurred. Based on past experience, an allowance for uncollectible amounts is not considered necessary.

Contributions

Support that is restricted by contract or donor provisions is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other restricted support, if any, is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Materials and Services

Donated materials and equipment, if any, are recorded as support at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donated services are recognized when the service either creates or enhances a non-financial asset or requires specialized skill that would be purchased if the service was not donated. During fiscal years 2011 and 2010, BRHS recognized \$719,086 and \$236,706, respectively, for professional services and donated goods.

BRHS receives a substantial amount of services donated by parents or other non-specialized volunteers in carrying out BRHS' programs. During fiscal years 2012 and 2011, BRHS received approximately 103,000 and 77,000 hours of donated services by volunteers with an estimated fair value of \$1,438,406 and \$1,024,702, respectively. No amounts have been reflected in the financial statements for these donated services. Federal matching requirements are satisfied through the donated services of volunteers.

Equipment

Equipment is stated at cost or, if acquired by gift, at the estimated fair market value at the date of gift. Equipment is defined as tangible personal property with an acquisition cost of \$5,000 or more per unit, a useful life of more than one year and BRHS has or expects to receive title to the asset. Other assets purchased with federal funds are expensed as purchased if BRHS determines that it is not probable that title to such assets will be transferred to BRHS.

BEAR RIVER HEAD START, INC.
NOTES TO FINANCIAL STATEMENTS
January 31, 2012 and 2011

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

Equipment (Continued)

Depreciation is provided over the estimated useful lives (five to ten years) of the equipment using the straight-line method. Upon disposition of an asset, its cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized.

Compensated Absences

Employees earn leave days each year based on length of service for use as vacation and personal leave. Vacation leave is earned after one year of full-time employment or on a pro-rata basis for part-time employment. Vacation leave is forfeited at the end of the fiscal year. Therefore, no accrual has been made for vacation leave. Personal leave accrues at one day per month until ten days are earned. Unused personal leave is paid out at the end of the fiscal year at one-half of the employee's daily rate. An accrual for the personal leave to be paid out is included in accrued salaries.

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. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the organization's deposits may not be recovered. The organization's policy is to keep all cash in federally insured bank institutions. On January 31, 2012 and 2011, BRHS had no demand deposits in excess of federally insured limits.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The organization's policy for all investments is authorized by the Board. The Organization currently holds one certificate-of-deposit as outlined below.

Subsequent Events

Management has evaluated subsequent events through May 14, 2012, which is the date the financial statements were available to be issued.

BEAR RIVER HEAD START, INC.
NOTES TO FINANCIAL STATEMENTS
January 31, 2012 and 2011

Note 2 – Certificate-of-Deposit

At January 31, 2012 and 2011, BRHS owned a certificate-of-deposit bearing interest at 1.4%. Fair value for the certificate-of-deposit approximates cost. The certificate matures on January 29, 2013.

Note 3 – Grants Receivable

At January 31, 2012 and 2011, grants receivable, which are unsecured but considered fully collectible, consisted of the following:

	<u>2012</u>	<u>2011</u>
U.S. Department of Agriculture	\$ 27,865	\$ 18,345
U.S. Department of Health and Human Services	279,355	419,877
Idaho Head Start Association	23,415	38,616
Other grant receivables	<u>64</u>	<u>-</u>
Total	\$ <u>330,699</u>	\$ <u>476,838</u>

Note 4 – Equipment

At January 31, 2012 and 2011, equipment consisted of the following:

	<u>2012</u>	<u>2011</u>
Portable classroom	\$ 40,000	\$ 40,000
Equipment	206,911	226,911
Vehicles	<u>198,846</u>	<u>213,342</u>
Total equipment	445,757	480,253
Less accumulated depreciation	<u>(372,216)</u>	<u>(366,576)</u>
Equipment, net	\$ <u>73,541</u>	\$ <u>113,677</u>

The equipment and vehicles were purchased with federal funds. However, BRHS expects to receive title to these assets at the end of their useful lives or upon disposal.

At January 31, 2012 and 2011, BRHS also had purchased equipment with federal funds and had fiduciary responsibility for those assets. The following is a summary of activity of these fiduciary assets to which BRHS does not expect to receive title.

BEAR RIVER HEAD START, INC.
NOTES TO FINANCIAL STATEMENTS
January 31, 2012 and 2011

Note 4 – Equipment, continued

	Balance <u>2/01/2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>1/31/2012</u>
Land	\$ 23,784	-	-	\$ 23,784
Buildings	205,396	-	-	205,396
Portable Classrooms	<u>433,204</u>	<u>-</u>	<u>-</u>	<u>433,204</u>
Total	<u>\$ 662,384</u>	<u>-</u>	<u>-</u>	<u>\$ 662,384</u>

Note 5 – Defined Contribution Plan

BRHS participates in a 403(b) retirement plan. Employees are immediately eligible to participate in the plan. The contributions are deposited into individual accounts. Each employee's individual account is available for withdrawal in its entirety at termination or death. The plan does not require matching funds from BRHS and BRHS has not made any matching contributions to the plan.

BRHS also participates in a Simplified Employee Pension Plan (SEP) that covers all employees who have reached the age of 18 and who had been an employee for 13 months of the immediately preceding 5 plan years. This plan allows BRHS to contribute up to 15% of the employees' salary on an annual basis, subject to Internal Revenue Service regulations. Contributions to the SEP plan for fiscal years 2012 and 2011 were \$45,862 and \$184,948, respectively.

Note 6 – Operating Leases

BRHS maintains multiple lease agreements for office and classroom space in Utah and Idaho. All leases expire in 2015. Rent expense for fiscal years 2012 and 2011 was \$271,130 and \$260,609, respectively.

Future minimum rental payments under the non-cancelable operating lease (excluding the utility charge) for each of the next five years are listed below.

Year Ending <u>January 31,</u>	<u>Amount</u>
2013	\$ 277,385
2014	263,196
2015	<u>194,207</u>
Total	<u>\$ 734,788</u>

SCHEDULE 1

BEAR RIVER HEAD START, INC.
STATEMENTS OF ACTIVITIES - GRANT BASIS
Fiscal Years Ended January 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Support:		
Contracts and grants	\$ 5,073,230	\$ 5,422,549
In-kind contributions	1,982,578	1,743,788
Other income	1,800	-
Interest income	89	114
Total support	<u>7,057,697</u>	<u>7,166,451</u>
Expenses:		
Program services:		
Utah Head Start	3,277,146	2,941,135
Idaho Head Start	1,006,902	993,698
Early Head Start	1,629,335	1,187,602
Idaho TANF	92,396	89,323
ARRA	662,311	1,492,943
Other grants	<u>20,000</u>	<u>22,066</u>
Total program services	6,688,090	6,726,767
Administrative expenses	<u>369,607</u>	<u>439,684</u>
Total expenses	<u>7,057,697</u>	<u>7,166,451</u>
Change in net assets	<u>-</u>	<u>-</u>
Reconciliation to GAAP basis:		
Corporate interest income	1,042	572
Corporate income	2,752	3,119
Corporate expenses	(6,160)	(4,213)
Non-GAAP in-kind contributions	(1,438,406)	(1,024,702)
Non-GAAP in-kind costs	1,438,406	1,024,702
Equipment	-	42,395
Loss on disposal of equipment	(5,714)	-
Depreciation	<u>(34,422)</u>	<u>(33,630)</u>
Total reconciling items	<u>(42,502)</u>	<u>8,243</u>
Increase (decrease) in net assets	\$ <u>(42,502)</u>	\$ <u>8,243</u>



Schmitt, Griffiths, Smith & Co.
CPAs & Business Advisors

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**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***

To the Board of Trustees of
Bear River Head Start, Inc.

We have audited the financial statements of Bear River Head Start, Inc. ("BRHS") (a nonprofit organization) as of and for the fiscal year ended January 31, 2012, and have issued our report thereon dated May 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered BRHS's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BRHS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BRHS's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion

on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Schmitt, Giffels, Smith & Co.

May 14, 2012



Schmitt, Griffiths, Smith & Co.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Board of Directors of
Bear River Head Start, Inc.**

Compliance

We have audited Bear River Head Start, Inc.'s ("BRHS") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of BRHS's major federal programs for the year ended January 31, 2012. BRHS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of BRHS's management. Our responsibility is to express an opinion on BRHS's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BRHS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of BRHS's compliance with those requirements.

In our opinion, BRHS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended January 31, 2012.

Internal Control Over Compliance

Management of BRHS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered BRHS's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with

OMB Circular A-133; but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BRHS's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Schmitt, Griffiths, Smith & Co.

May 14, 2012

BEAR RIVER HEAD START, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended January 31, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Award/ Contract Number	Award	Disbursements/ Expenses
<u>U.S. Dept. of Health and Human Services (HHS)</u>				
Direct Programs:				
2011-2012 Head Start	93.600	08CH0056/39	\$ 4,421,359	\$ 4,290,144
ARRA PHS Expansion	93.708	08SH0056/02	111,139	65,946
ARRA EHS Center Based Expansion	93.709	08SA0056/02	501,689	299,824
ARRA EHS Home Based Expansion	93.709	10SA0179/02	200,200	123,847
Passed through the Idaho Head Start Association:				
Temporary Assistance for Needy Families	93.558	13-201201	101,072	69,775
	93.558	12-201101	101,072	33,469
Total Department of Health and Human Services				<u>4,883,005</u>
<u>U.S. Dept. of Agriculture</u>				
Passed through Utah State Office of Education				
Child Care Food Program	10.558	F-1	128,501	128,501
Passed through the Idaho State Department of Education Child Nutrition Section				
Child Care Food Program	10.558	4853	41,724	41,724
Total Department of Agriculture				<u>170,225</u>
<u>U.S. Dept. of Education</u>				
Passed through Utah State Office of Education;				
Passed through Cache County School District				
Title IA LEA grants	84.010		20,000	20,000
Total Federal Awards				<u>\$ 5,073,230</u>

BEAR RIVER HEAD START, INC.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended January 31, 2012

Note 1 – Purpose of the Schedule

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is required by the *U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Significant Accounting Policies

Basis of Accounting

The information in the Schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

CFDA Numbers

OMB Circular A-133 requires the Schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Major Programs

OMB Circular A-133 establishes a risk-based approach to determining which federal programs are major programs. The federal awards tested as major programs were those with a CFDA numbers of 93.600, 93.708, and 93.709.

Matching Costs

The Schedule does not include matching expenditures.

BEAR RIVER HEAD START, INC
Schedule of Prior Audit Findings and Questioned Costs
Fiscal Year Ended January 31, 2012

FINDINGS - FINANCIAL STATEMENT AUDIT

No matters were reported.

BEAR RIVER HEAD START, INC.
Schedule of Findings and Questioned Costs
Fiscal Year Ended January 31, 2012

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued – *Unqualified*

Internal control over financial reporting:

- | | | |
|---|-----------|-------------------|
| • Material weakness identified | _____ yes | _____ <u>X</u> no |
| • Significant deficiency identified | _____ yes | _____ <u>X</u> no |
| Noncompliance material to financial statements noted? | _____ yes | _____ <u>X</u> no |

Federal Awards

Internal control over major programs:

- | | | |
|-------------------------------------|-----------|-------------------|
| • Material weakness identified | _____ yes | _____ <u>X</u> no |
| • Significant deficiency identified | _____ yes | _____ <u>X</u> no |

Type of auditors' report issued on compliance for major programs – *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133

_____ yes	_____ <u>X</u> no
-----------	-------------------

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	2011-2012 Head Start
93.708	ARRA Head Start
93.709	ARRA Early Head Start

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ X yes _____ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.