

RURAL SOLUTIONS
REVIEWED FINANCIAL STATEMENTS

June 30, 2010 and 2009



LIITTJOHANN, KAUFFMAN, and PEDERSON
Certified Public Accountants

RURAL SOLUTIONS
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June 30, 2010 and 2009

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Certified Public Accountants

David A. Kauffman, C.P.A.

Daniel M. Pederson, C.P.A.'s P.C.

To the Board of Directors
Rural Solutions
Sterling, Colorado

We have reviewed the accompanying statement of financial position of Rural Solutions (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Rural Solutions.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Liittjohann, Kauffman, Pederson

Fort Morgan, Colorado
November 15, 2010

RURAL SOLUTIONS
 STATEMENTS OF FINANCIAL POSITION
 As of June 30, 2010 and 2009

	ASSETS	
	2010	2009
Current Assets		
Cash in bank and on hand	\$ 130,118	\$ 89,851
Certificates of deposit	94,152	92,158
Accounts receivable	4,482	991
Grants receivable	57,003	26,329
Total Current Assets	285,755	209,329
Capital Assets		
Furniture and fixtures	5,104	5,104
Computers and software	11,874	10,380
	16,978	15,484
Accumulated depreciation	(14,895)	(13,771)
Net Capital Assets	2,083	1,713
Total Assets	\$ 287,838	\$ 211,042
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 10,995	\$ 16,331
Accrued payroll taxes and benefits	6,005	5,450
Accrued leave liability	6,532	3,894
Total Current Liabilities	23,532	25,675
Total Long Term Liabilities	-	-
Total Liabilities	23,532	25,675
Net Assets		
Unrestricted Net Assets	204,299	165,625
Temporarily Restricted Net Assets	60,007	19,742
Permanently Restricted Net Assets	-	-
Total Net Assets	264,306	185,367
Total Liabilities and Net Assets	\$ 287,838	\$ 211,042

The accompanying notes and independent auditors' report should be read with this financial statement

RURAL SOLUTIONS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2010 and 2009

	2010			Total	2009 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenue and Support					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
Other government support	2,700	448,920	-	451,620	334,623
Public support	5,957	18,733	-	24,690	33,425
Membership dues	2,200	-	-	2,200	2,800
Program income	48,492	-	-	48,492	17,432
Other income	7,720	-	-	7,720	12,284
Released temporarily restricted assets	427,388	(427,388)	-	-	-
Total Revenue and Support	494,457	40,265	-	534,722	400,564
Program Services					
Fatherhood Grant	33,694	-	-	33,694	46,557
Health Disparities	189,163	-	-	189,163	156,084
Legislative breakfast	1,703	-	-	1,703	639
Office of Suicide Prevention	10,392	-	-	10,392	5,668
Preventing Suicide Initiative	17,779	-	-	17,779	23,788
Project Safe Neighborhood	30,110	-	-	30,110	-
Tanf Job Club	1,905	-	-	1,905	5,319
Women's Wellness Connection	16,421	-	-	16,421	2,170
HIV	43,604	-	-	43,604	54,283
Bridges out of Poverty	4,492	-	-	4,492	8,646
Total Program Costs	349,263	-	-	349,263	303,154
General and Administrative					
Audit and accounting	1,500	-	-	1,500	1,380
Bank charges	118	-	-	118	-
Computer expense	18	-	-	18	-
Conferences and meetings	15,688	-	-	15,688	1,485
Depreciation	1,125	-	-	1,125	1,933
Dues and memberships	-	-	-	-	200
Miscellaneous	67	-	-	67	64
Insurance	656	-	-	656	-
Postage	17	-	-	17	90
Printing and publications	-	-	-	-	785
Professional fees	48	-	-	48	4,375
Occupancy	1,875	-	-	1,875	229
Salaries and wages	67,809	-	-	67,809	37,023
Supplies	5,213	-	-	5,213	1,368
Taxes - payroll	3,562	-	-	3,562	13,448
Employee benefits	3,363	-	-	3,363	-
Telephone and communications	209	-	-	209	-
Travel and meals	7,383	-	-	7,383	3,799
Total General and Administrative Expense	108,651	-	-	108,651	66,179
Other Income and Expense					
Interest income	2,162	-	-	2,162	3,795
Interest expense	(31)	-	-	(31)	(83)
Total Other Income and Expense	2,131	-	-	2,131	3,712
Net Increase in Net Assets	38,674	40,265	-	78,939	34,943
Beginning Net Assets	165,625	19,742	-	185,367	150,424
Ending Net Assets	\$ 204,299	\$ 60,007	\$ -	\$ 264,306	\$ 185,367

The accompanying notes and independent auditors' report should be read with this financial statement.

RURAL SOLUTIONS
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Net increase in net assets	\$ 78,939	\$ 34,943
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	1,125	1,933
Interest reinvested from certificate of deposit	(1,994)	(3,413)
(Increase) Decrease in:		
Accounts receivable	(3,491)	(524)
Grants receivable	(30,674)	(8,156)
Increase (Decrease) in:		
Accounts payable	(5,336)	7,537
Accrued payroll taxes & benefits	555	994
Accrued leave liability	2,637	167
Total adjustments	<u>(37,178)</u>	<u>(1,462)</u>
Net Cash (Used) Provided by Operating Activities	41,761	33,481
Cash Flows from Investing Activities:		
Purchase of office equipment	<u>(1,494)</u>	<u>(800)</u>
Net Cash Used by Investing Activities	(1,494)	(800)
Cash Flows from Financing Activities:		
Net Cash Provided by Financing Activities	<u>-</u>	<u>-</u>
Net (Decrease) Increase in Cash	40,267	32,681
Cash at Beginning of Year	<u>89,851</u>	<u>57,170</u>
Cash at End of Year	<u>\$ 130,118</u>	<u>\$ 89,851</u>

The accompanying notes and independent auditors'
report should be read with this financial statement.

RURAL SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Rural Solutions is organized as a Colorado not-for-profit corporation. The organization's purpose is to provide assistance to local human service organizations with needs assessment, planning and resource development activities and to promote and facilitate voluntary agency and inter-community collaborations. The Organization is controlled by a board of up to 20 directors who are representatives of each county and each county's human services agencies/organizations including regional service providers.

The Organization operates on public funding through grant writing efforts.

B. Basis of Accounting

The accounts of Rural Solutions are maintained and the accompanying financial statements have been prepared on the accrual basis of accounting. This is according to generally accepted accounting principles.

C. 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.

D. Financial Statement Presentation

Rural Solutions has presented the financial statements in accordance to the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations. This requires the Foundation to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets:

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

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 passage of time. When a restriction expires temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets:

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows, Rural Solutions considers all highly liquid debt instruments purchased with a maturity of thirty days or less to be cash equivalents for the statement of cash flows.

F. Capital Assets

Capital assets are recorded at cost and depreciated over their useful lives. Rural Solutions has several pieces of office equipment that have been donated. These items have not been given a value and are not reflected on the books.

G. Concentrations

The organization's major sources of funds are from grants. This situation puts the organization at risk due to the dependence on the organizations ability to continually locate funding. Currently none of the grants providing the funding are perpetual.

RURAL SOLUTIONS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Income Taxes

Rural Solutions has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Rural Solutions is subject to a tax on income from any unrelated business.

On July 1, 2009, Rural Solutions adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. Rural Solutions has analyzed tax positions taken for filing with the Internal Revenue Service and the state jurisdiction where it operates. Rural Solutions believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on Rural Solutions' financial condition, results of operations or cash flows. Accordingly, Rural Solutions has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2010.

I. Contributed Services

Rural Solutions has many individuals who contribute time and effort in the operation of the organization. These in kind contributions have not been recorded on these financial statements.

NOTE 2. ACCRUED LEAVE LIABILITY

Rural Solutions allows employees to accumulate leave for up to 30 days. Part time employees who work less than 40 hours a week accumulate leave on a pro rated basis. The organization records a liability for unused accumulated leave time. As of June 30, 2010 the unused accrued leave time balance was \$6,532.

NOTE 3. RETIREMENT PLAN

Rural Solutions currently provides a 403(b) retirement plan for employees who are scheduled to work 24 hours or more. An employee becomes eligible after three months of employment. During the fiscal year ended June 30, 2009 contributions were made to the plan in the amount of \$9,288.

NOTE 4. STATEMENT OF CASH FLOWS

There were no non-cash transactions during the year ended June 30, 2010 for the statement of cash flows.

RURAL SOLUTIONS
 SCHEDULE OF PROGRAM SERVICES
 For the Year Ended June 30, 2010

	Health Disparities	Preventing Suicide Initiative	Fatherhood Grant	Bridges out of Poverty	TANF Job Club	Office of Suicide Prevention	HIV	Women's Wellness Connection	Legislative Breakfast	Project Safe Neighborhoods	Total Program Services
Advertising	\$ -	\$ -	\$ 344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344
Conferences and meetings	3,735	233	-	564	-	-	-	-	585	5,760	10,877
Consultants	12,875	-	17,425	-	-	-	42,554	9,115	750	2,300	85,019
Dues and memberships	1,465	-	-	-	-	-	-	-	-	-	1,465
Insurance	2,765	-	-	-	-	-	-	-	-	-	2,765
Postage	397	90	42	-	-	-	-	-	-	13	542
Printing and publications	1,878	1,138	231	-	-	-	-	-	-	-	3,247
Occupancy	3,798	881	-	-	-	-	-	-	-	1,608	6,287
Salaries and wages	126,538	11,021	11,206	884	1,740	8,041	970	5,690	-	13,796	179,886
Employee benefits	6,226	2,333	-	76	78	831	80	144	-	1,813	11,581
Supplies	5,232	1,007	2,418	2,376	87	488	-	-	368	1,606	13,582
Telephone and internet	1,881	293	300	-	-	-	-	-	-	-	2,474
Travel and meals	22,373	783	1,728	592	-	1,032	-	1,472	-	3,214	31,194
Total Expended on Program	\$ 189,163	\$ 17,779	\$ 33,694	\$ 4,492	\$ 1,905	\$ 10,392	\$ 43,604	\$ 16,421	\$ 1,703	\$ 30,110	\$ 349,263

The accompanying notes and independent auditors' report should be read with this financial statement.