



RURAL SOLUTIONS
AUDITED FINANCIAL STATEMENTS
June 30, 2008 and 2007

RURAL SOLUTIONS
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June 30, 2008 and 2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rural Solutions
Sterling, Colorado

We have audited the accompanying statement of financial position of Rural Solutions (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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 audit provides 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 Rural Solutions as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Liittjohann, Kauffman and Pederson
Certified Public Accountants
November 14, 2008

RURAL SOLUTIONS
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2008 AND 2007

ASSETS		
	2008	2007
Current Assets		
Cash in bank and on hand	\$ 57,170	\$ 241
Certificates of deposit	88,745	26,654
Accounts receivable	467	6,136
Grants receivable	18,173	86,527
Total Current Assets	164,555	119,558
Capital Assets		
Furniture and fixtures	5,104	5,104
Computers and software	9,580	9,580
	14,684	14,684
Accumulated depreciation	(11,838)	(9,718)
Net Capital Assets	2,846	4,966
Total Assets	\$ 167,401	\$ 124,524
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 8,794	\$ 9,242
Accrued payroll taxes and benefits	4,456	4,935
Accrued leave liability	3,727	2,906
Total Current Liabilities	16,977	17,083
Total Long Term Liabilities	-	-
Total Liabilities	16,977	17,083
Net Assets		
Unrestricted Net Assets	77,476	19,155
Temporarily Restricted Net Assets	72,948	88,286
Permanently Restricted Net Assets	-	-
Total Net Assets	150,424	107,441
Total Liabilities and Net Assets	\$ 167,401	\$ 124,524

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

RURAL SOLUTIONS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008			Total	2007
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenue and Support					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
Other government support		240,576		240,576	295,365
Public support	5,682	45,425		51,107	44,604
Membership dues	750			750	2,800
Program income	5,352			5,352	3,458
Other income	7,016	-		7,016	12,439
Released temporarily restricted assets	301,339	(301,339)		-	-
Total Revenue and Support	320,139	(15,338)	-	304,801	358,666
Program Services					
Denver Foundation	134			134	22,879
Fatherhood Grant	25,136			25,136	6,891
Health Disparities	160,437			160,437	190,398
Healthy People 2010	-			-	40
Legislative breakfast	37			37	740
Office of Suicide Prevention	7,225			7,225	6,350
Preventing Suicide Initiative	13,602			13,602	41,796
Sumposium expense	-			-	6,180
Respite Recess	1,259			1,259	-
Tanf Job Club	5,223			5,223	5,771
True Life	-			-	-
Total Program Costs	213,053	-	-	213,053	281,045
General and Administrative					
Audit and accounting	1,312			1,312	-
Bank charges	25			25	50
Computer expense	-			-	288
Conferences and meetings	1,131			1,131	84
Depreciation	2,120			2,120	2,576
Dues and memberships	200			200	751
Miscellaneous	88			88	-
Equipment rental and maintenance	555			555	-
Postage	128			128	35
Printing and publications	1,407			1,407	85
Professional fees	500			500	-
Occupancy	5,104			5,104	450
Salaries and wages	23,622			23,622	11,915
Supplies	1,408			1,408	1,235
Taxes - payroll	11,253			11,253	1,380
Telephone and communications	224			224	203
Travel and meals	1,985			1,985	557
Total General and Administrative Expense	51,062	-	-	51,062	19,609
Other Income and Expense					
Interest income	2,370			2,370	1,276
Interest expense	(73)			(73)	-
Total Other Income and Expense	2,297	-	-	2,297	1,276
Net Increase in Net Assets	58,321	(15,338)	-	42,983	59,288
Beginning Net Assets	19,155	88,286	-	107,441	48,153
Ending Net Assets	\$ 77,476	\$ 72,948	\$ -	\$ 150,424	\$ 107,441

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

RURAL SOLUTIONS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Cash Flows from Operating Activities:		
Net increase in net assets	\$ 42,983	\$ 59,288
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	2,120	2,576
Interest reinvested from certificate of deposit	(2,091)	(1,091)
(Increase) Decrease in:		
Accounts receivable	5,669	(6,136)
Grants receivable	68,354	(86,527)
Increase (Decrease) in:		
Accounts payable	(448)	9,242
Accrued expenses	(479)	3,042
Accrued leave liability	821	2,654
Total adjustments	73,946	(76,240)
Net Cash (Used) Provided by Operating Activities	116,929	(16,952)
Cash Flows from Investing Activities:		
Investment in certificates of deposit	(60,000)	-
Net Cash Used by Investing Activities	(60,000)	-
Cash Flows from Financing Activities:		
Net Cash Provided by Financing Activities	-	-
Net (Decrease) Increase in Cash	56,929	(16,952)
Cash at Beginning of Year	241	17,193
Cash at End of Year	\$ 57,170	\$ 241

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

RURAL SOLUTIONS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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.

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.

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.

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.

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.

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.

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.

Income Taxes:

Rural Solutions does not provide for income taxes as it is a tax exempt non-profit organization under the Internal Revenue Code Section 501(c)(3).

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.

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, 2008 the unused accrued leave time balance was \$3,727.

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, 2008 contributions were made to the plan in the amount of \$7,159.

4. STATEMENT OF CASH FLOWS:

There were no non-cash transactions during the year ended June 30, 2008 for the statement of cash flows.

RURAL SOLUTIONS
 SCHEDULE OF PROGRAM SERVICES
 FOR THE YEAR ENDED JUNE 30, 2008

	Health Disparities	Denver Foundation	Preventing Suicide Initiative	Fatherhood Grant	Office of Suicide Prevention	Tanf Job Club	Respite Recess	Legislative Breakfast	Total Program Services
Advertising	\$ 84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84
Conferences and meetings	2,446				175				2,621
Consultants	27,931			1,933					29,864
Dues and memberships	385								385
Equipment rental	1,370								1,370
Insurance	3,094								3,094
Postage	262	3		1	90			13	369
Printing and publications	1,935				132			24	2,091
Occupancy	1,787		27		350				2,164
Salaries and wages	88,364		13,484	17,678	3,510	5,168			128,204
Supplies	7,948		16	3,463	1,312	55	1,259		14,053
Telephone and internet	16		34	804	425				1,279
Training	8,990								8,990
Travel and meals	15,825	131	41	1,257	1,231				18,485
Total Expended on Program	\$ 160,437	\$ 134	\$ 13,602	\$ 25,136	\$ 7,225	\$ 5,223	\$ 1,259	\$ 37	\$ 213,053

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