

# **Alaska Department of Labor and Workforce Development**

## **Division of Employment and Training Services**



# **Financial Review Procedures**

**April 2017**

Equal Opportunity Employer/Program  
Auxiliary aids and services are available upon request to individuals with disabilities

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## Overview

This financial review procedure provides Alaska Department of Labor and Workforce Development, Division of Employment and Training Services (DETS) staff and recipients of public funds guidance when reviewing single audits or financial documents to determine if subrecipients are in financial compliance as required by federal regulations 2 CFR 200, Subpart F and Alaska statute 2 AAC 45.010-.090 and DETS [Due Diligence Policy 07-527](#).

The Financial Review Form is filled out by DETS to ensure the subrecipient is in compliance in submitting federal and/or state single audits or financial statements to evaluate the risk posed by the subrecipient for consideration of a possible award. The financial review contributes towards performing due diligence review of current and prospective subrecipients.

## Types of Financial Statements

The Financial Review begins with obtaining copies of financial statements from the prospective subrecipient. Ideally, the subrecipient's most current three years of single audits or financial statements will be received. The use of multiple years of financial data provides the reviewer with information on any trends that might be occurring with the subrecipient's financial operations. At the least, one year of financial activity can be reviewed and financial statements can be provided in several different formats.

**Audited Financial Statements** have been formally reviewed by an independent Certified Public Accountant (CPA) firm. These will include a written statement by the auditors in which they express an opinion regarding whether the financial statements fairly represent the financial condition and operations of the organization in accordance with Generally Accepted Accounting Principles (GAAP).

**State and/or Federal Single Audit Reports** are completed when the organization has received over certain amounts of state or federal subaward funds in the year being audited. In addition to the basic financial statements and the accompanying auditor's opinion statement, the auditors test various subaward related transactions to determine if the organization was in compliance with the requirements of those subawards. Generally with these audits, the auditors will also issue several reports concerning the testing of compliance. These reports will include specific schedules that list all of the state or federal subawards the organization received during the year that was audited.

A **Financial Review** is a process that is also completed by a CPA but is less rigorous than an audit. The auditors' report will usually state that they have reviewed the financial statements rather than have audited the financial statements. With a Financial Review, the

auditors do not express an opinion about the financial statements, as is done with an audit. A review provides less certainty that the financial statements are in accordance with GAAP. A **Compilation** is another form of engagement that a CPA might complete. In this type of engagement, the CPA takes the financial information from the organization and organizes it or compiles it into a format that is commonly used for financial statements prepared in accordance with GAAP. In this situation the CPA report will state that they have compiled the financial information. A compilation would typically not involve the CPA firm completing any tests to determine if the financial information is fairly presented or accurate.

**Unaudited Financial Statements** are those that are completed or provided by the subrecipient. These Financial Statements have not been reviewed by a CPA and have the lowest level of assurance regarding their accuracy or adequacy. Caution should be exercised when completing the Financial Due Diligence procedures using this form of financial statements.

## Contents of Financial Statements

There are three basic components of the organization's Financial Statements that should be reviewed. These include: Balance Sheet, Income Statement and Notes to the Financial Statements. State and federal single audit reports also include information that is used in the financial review if they are available.

A **Balance Sheet** is a statement that lists the Assets, Liabilities and Net Assets or Net Worth of the organization. Assets are items of value which the organization has and can use in their operations. These commonly include Cash, Accounts Receivable (amounts owed to the organization), Supplies, Equipment and other physical property, and so on. Liabilities are the amounts which the organization owes to others and can include such items as Accounts Payable (owed to vendors), Payroll and related liabilities (owed to employees or taxing organizations), and other Short and Long Term debts, such as leases, mortgages or other loans. Net Assets or Net Worth are basically the value of the Assets less the amount of the Liabilities. Ideally an organization will have more assets than it has liabilities. A Balance Sheet is prepared as of a specific date usually the end of the organization's fiscal year. For example, the Balance Sheet will state, "as of June 30, 2015."

An **Income Statement** may also be labeled a Statement of Revenues and Expenses or Statement of Activities, and will be for a specific period of time, generally, the organization's fiscal year. These statements will be labeled as, for example, for the "Year Ended June 30, 2015." Generally, Income or Revenues pertains to the money that was coming into the organization during the fiscal year and can include such items as Grant Payments, Sales, Contributions, Interest Earnings, etc. Expenses are the money the organization has paid during the year as costs of its operations. Expenses might include the Salaries and Wages of its personnel, purchases, contractual payments, travel expenses,

utilities, and participant payments, etc. The Income Statement will also show the difference between the amount of Income and Expenses. This can be labeled in several different ways, such as Net Income, Earnings, or Change in Net Assets. Generally, the amount of the Change in Net Assets will be reflected as a change in Net Assets on the Balance Sheet. Generally, when an organization has a net income this means that revenues exceeded expenses and resulted in an increase in assets or net assets.

**Notes to the Financial Statements** are generally only included with audits but may also be included with Reviews and Compilations. The Notes to the Financial Statements include important information that describes how the Financial Statements were prepared, some of the basic accounting principles used by the organization and other important information about the amounts in the Financial Statements.

## **Financial Review Form - Check List Items**

Amounts on the Financial Review Form checklist that need to be entered are highlighted in blue. Clear cells in the Amount columns are automatically calculated by the spreadsheet. The spreadsheet is locked so that data can only be entered in the blue highlighted cells.

**Total Assets:** This amount is taken from the Balance Sheet. This amount will be the sum of any Short Term or Current Assets plus any Long Term Assets. This amount will be the bottom number in the Asset section of the Balance Sheet.

**Total Liabilities:** This amount is the sum of the Current Liabilities and Long Term Liabilities from the Balance Sheet. Generally, there will be a separate line in the Balance Sheet that is labeled Total Liabilities.

**Total Net Assets:** This amount is the difference between the Total Assets and Total Liabilities and is automatically calculated by the spreadsheet. The Balance Sheet will usually have a separate line that will specify what this amount is and should be compared to the number generated by the spreadsheet. Any differences should be researched to ensure the correct numbers were included and that the financial statement was properly calculated. When completing the Financial Due Diligence, the reviewer should be cognizant of what this Net Asset amount is. Generally, the Net Asset amount should be a positive number indicating that Assets are more than Liabilities. If the amount is a negative number, this means the organization owes more money than it can currently pay if it were to liquidate all of its Assets. An organization with negative Net Assets may be on the verge of going out of business, which should be a “red flag” for any prospective subaward. In such situations, the subaward should only be made on a cost reimbursable basis with no advance payments to limit any possible loss of funds.

**Total Assets Divided by Total Liabilities:** The spreadsheet automatically calculates this amount. This financial ratio provides one indication of how financially sound the organization is. Per this ratio, if the organization were to liquidate all of its assets, this gives a further indication of whether the organization would be able to cover all of its liabilities. If the ratio is 100 percent, for example, this means the organization has only enough assets to pay its liabilities with nothing left over. A ratio greater than 100 percent means the organization has enough assets to pay all its liabilities with some funds remaining. If the ratio is less than 100 percent, this means the organization's liabilities are greater than its assets, and they owe more than they have. In such instances, the Net Assets will be negative. As noted previously, if there is a negative Net Assets or this ratio is less than 100 percent, this is a red flag for the prospective subaward.

**Total Revenues:** The Income Statement may need to be closely reviewed to interpret which are Revenue or Income accounts and which are Expense accounts. A straight forward Income Statement will list Total Revenues. However, in some cases it may be necessary to add several lines to determine the total Revenue amount.

**Total Expenses:** The Income Statement may be straight forward and list an amount as Total Expenses. This statement should be closely reviewed and may require some interpretation to identify what all of the expense items are.

**Revenues Over (Under) Expenses:** The spreadsheet will automatically calculate this amount, which is equivalent to Net Income. Ideally, this amount should be a positive number meaning the organization generated more than enough income or revenue to cover all of its expenses during the fiscal year. A negative number means the organization was losing money on its operations and is a red flag. An excess of expenses over revenues can be an acceptable situation if it is a temporary setback and if the organization has sufficient Net Assets to cover the shortfall. An excess of expenses over revenues combined with a very small Net Asset balance is a matter of concern for a prospective subaward as it can provide an indication that the organization may be approaching a situation in which its operations are no longer sustainable. Reviewing three years of financial information can show the trend in the organization's net income, which might be increasing, decreasing, staying the same or varying year to year. A trend in which a negative net income increases each year is a red flag indicating possible problems in the organization's management.

**Average Monthly Revenues:** This amount is automatically calculated by the spreadsheet. The amount of the proposed subaward can be compared with the average monthly revenues to give an indication of the relative impact of the subaward on the organization's operations. For example, average monthly revenues of \$10,000 and a subaward amount of \$120,000 might imply that the size of the subaward will require the subrecipient to double

their current operations. This may have potential impacts on the subrecipient's ability to effectively administer the subaward and their operations.

**Average Monthly Expenses:** This amount is automatically calculated by the spreadsheet and can be used in a manner similar to average monthly revenues.

**Average Monthly Over (Under):** This ratio is calculated by the spreadsheet and provides an indication of the monthly impact of a "profit" or "loss."

**Cash and Cash Equivalents:** Generally, the Balance Sheet will list Cash as one of the Current Assets. In some situations, the statement may have a single line for Cash or for Cash and Equivalents. Review of the balance sheet may also identify similar accounts, such as Investments or Certificates of Deposits or Money Market Accounts. In these situations, the amount that is entered on the spreadsheet should be the sum of both Cash and these other accounts that are like cash.

**Cash as a percent of Average Monthly Expenses:** This ratio is calculated by the spreadsheet. If this amount is 100 percent this means the organization has sufficient cash on hand to pay its average monthly bills. A very low percentage may mean that the organization may have difficulty in paying its monthly expenses in a timely manner. A low percentage may be a cause for concern and may provide a rationale for making the subaward on a cost reimbursable basis. In such situations, an advance payment might be used to pay other expenses of the organization due to poor cash flow instead of only paying direct subaward related expenses. Conversely, a low ratio may point to a need for an advance payment as the organization may not have sufficient funds to finance the training on a reimbursable basis. The judgment of the reviewer is required for determining how to handle such situations. This may also require some negotiation with the prospective subaward recipient.

**Accounts Receivable:** This amount is derived from the Current Assets section of the Balance Sheet. There will generally be a single or multiple lines that list the receivables. If there are multiple lines identifying different types of Receivables, the individual amounts should be summed and entered into the spreadsheet (or summed in the cell on the spreadsheet).

**Accounts Receivable as a percent of Average Monthly Revenues:** This ratio is calculated by the spreadsheet and is used to provide an indication of ability of the organization to collect the amounts that are owed to it. For example, if the percentage is 200 percent this implies that the organization is owed two times its average monthly revenues. This might be an indication that the organization is having difficulty in collecting

or receiving the money that it is owed. A low percentage might be an indicator the organization is timely in collecting the amounts that are owed to it.

**Total Current Assets:** Generally, the Balance Sheet will include a line that sums all of the current assets, such as Cash, Investments, Accounts Receivable and Prepaid Items. Current assets are those that are cash or can be readily converted to cash.

**Total Current Assets as a percent of Total Assets:** This ratio is automatically calculated by the spreadsheet and provides an indication of the liquidity of the organization. A ratio of 100% means that all of the organization's assets are current assets. A low percentage means that much of the organization's assets are in long term assets and may be an indication that the organization might have difficulty meeting short term cash needs should this be required. However, this situation is relative, as the organization could have a large amount of cash, for example \$1,000,000, but have a low ratio because they own a lot of property, facilities and equipment (long term assets).

**Fixed Assets:** Fixed assets are the real property owned by the organization and can include equipment, buildings and other property. Certain fixed assets, such as equipment and buildings should be depreciated in accordance with GAAP. Generally, Fixed Assets should be reported on a Balance Sheet as net of depreciation and care should be taken when reviewing the Balance Sheet to determine the Fixed Asset amount. Some financial statements will show both the value of the fixed assets and the depreciation and other may only show the fixed asset amount net of depreciation. The Notes to the Financial Statements will usually include a section on Fixed Assets. This Note should include the total a value of the Fixed Assets (line 17 of the checklist) and the amount of the Accumulated Depreciation (line 18 of the checklist).

**Accumulated Depreciation:** This amount may come from the Balance Sheet or the Notes to the Financial Statement (see previous section). The amount should be entered into the spreadsheet as a negative number. Note, if using unaudited financial statements or ones that do not have notes and do not identify the accumulated depreciation, enter the amount of Fixed Assets on line 17 and leave line 18 as a zero. In these instances, the reviewer may want to verify with the subrecipient that the amount is net of depreciation.

**Net Fixed Assets:** This amount is automatically calculated by the spreadsheet by summing the amounts in lines 17 and 18. Since this is a sum and not a subtraction, this is why the amount in line 18 should be entered as a negative. This amount is the current value of the fixed assets of the organization.

**Net Fixed Assets as a percent of Total Assets:** This ratio is automatically calculated and provides an indication of the amount of the organization's assets that are in property. A



high percentage again indicates lower liquidity should the organization need resources to meet short term needs.

**Accounts Payable:** This amount is derived from the liabilities section of the Balance Sheet. Accounts Payable are the amounts the organization owes its vendors.

**Accounts Payable as a percent of Average Monthly Expenses:** This ratio is automatically calculated by the spreadsheet. This ratio provides an indication of how timely the organization is in paying its vendor billings. A high ratio of amounts greater than 100 percent implies the organization is carrying more than one month's of expenses in its payables. This may indicate the organization has short term cash flow problems and is unable to routinely pay its bills. A high percentage may be indicative of the need for advance payments. However, caution should be exercised as an inability to pay the vendors may result in the advance payment being inappropriately used to pay non-subaward related expenses. A ratio of less than 100% indicates the organization is probably timely in paying its vendor billings.

**Payroll and Taxes Payable:** This amount is derived from the Balance Sheet liabilities accounts. If the organization is current on its payroll and associated tax obligations, this amount may not be shown on the balance sheet as there was no liability for this account at the time the balance sheet was prepared.

**Total Payroll Expense:** This amount, if available, will be taken from the Income Statement. Many organizations do not compile their accounts in a manner that breaks out by basic budget categories, such as Personal Services costs. That is, organizations may classify their costs according to functional areas, such as different programs. If available, the payroll related expenses, including payroll taxes, should be included in the checklist.

**Average Monthly Payroll Expense:** If the Total Payroll Expense is known, this amount is calculated by the spreadsheet. This amount is used in the next line of the checklist.

**Payroll and Taxes Payable as a percent of Average Monthly Payroll Expense:** This automatically calculated ratio provides an indication of how timely the organization is in making its payroll tax related expenses. A ratio of 100 percent or more is an indication that the organization's payroll tax liability is greater than what it pays on a monthly basis for its payroll expense. One would expect that payroll taxes would only be a small percentage of the average monthly payroll expense and, therefore, a ratio of 100 percent or more may be an indicator of cash flow or other problems.

**Total Current Liabilities:** This amount is derived from the Balance Sheet, where there is usually a sub-total for Current Liabilities. If there is no sub-total, it may be necessary to

sum the current liability amounts, such as Accounts Payable, Payroll and Taxes Payable, Current Portion of long term debt and so on.

**Total Current Liabilities as a percent of Total Liabilities:** This ratio is automatically calculated and provides an indication of the current portion of the organization's debt. A high percentage means most of the debt is short term in nature and is likely to be due in one year's time or less. A low percentage indicates the majority of the organization's debt is not due until more than one year from the end date of the fiscal year of the financial statements. That is, a low percentage means that total liabilities far exceed current liabilities, implying most liabilities are long term.

**Total Current Assets as a percent of Total Current Liabilities:** This is a classic liquidity ratio computed by the spreadsheet. A ratio of 100 percent indicates the organization has just enough current assets to pay off its current debt. In the ideal situation, the organization would have a ratio well over 100 percent, indicating it has more than sufficient current resources to meet its immediate debts. A very low percentage indicates the organization has more current debt than it can immediately meet and may require selling long term assets to meet its more immediate needs. This can be a red flag that might warrant the subaward being on a cost reimbursable basis.

**Long Term Liabilities:** These are derived from the Balance Sheet, if the organization has any. There is usually a separate line that denotes the amount of long term debt.

**Long Term Liabilities as a percent of Total Liabilities:** This assessment is similar to the analysis of line 28, Total Current Liabilities as a percent of Total Liabilities.

**Unqualified Audit Opinion:** There are four types of audit opinions which are included in the auditors' letter included with the audited Financial Statements. An Unqualified Opinion means the auditors have no reservations or concerns regarding their audit of the financial statements and that the statements conform to GAAP. A Qualified Opinion in which the statement indicates that, "except for" some condition, the statements conform to GAAP. The opinion statement will indicate what the exception is and the reviewer should assess the degree to which this exception might affect the administration of the prospective subaward. A Disclaimer of Opinion occurs when the auditors are not able to satisfy the requirements in their audit that the financial statements are in accordance with GAAP. A Disclaimer of Opinion usually indicates the accounting records are so deficient that the auditors are not able to complete their work. The reviewer should exercise extreme caution when reviewing financial statements for which there is a Disclaimer of Opinion as the accuracy and completeness of the information may be suspect. The auditors will issue an Adverse Opinion when the financial statements are not in accordance with GAAP. One reason the adverse opinion may be issued is that the financial statements may have been

prepared on a basis of accounting other than GAAP, such as on an Other Comprehensive Basis of Accounting, such as a cash basis rather than accrual basis. The reviewer should attempt to determine the reason for the disclaimer and its possible effects upon the prospective subaward. If this line is marked No, appropriate explanation should be included in the Comments section. If the financial statements have not been audited, such as through a compilation, the column “N/A” should be checked with an appropriate explanation provided.

**Scope Limitations:** Generally, the scope of an audit will cover the entire financial statements of the organization. In some situations, the auditors may not be able to audit all of the financial statements or all of the financial operations of the organization. One example of this is if a portion of the financial statements have been audited by another CPA firm, such as a school district that is a component part of a municipality. There may be other limitations that affected the auditors work, as well. Generally, a scope limitation should result in a Qualified audit opinion in that the qualification is the scope limitation. The reviewer must use independent judgment in assessing the implications of the scope limitation. This should be explained in the Comments column.

**Accrual Accounting:** The Notes to the Financial Statements will generally include a statement about whether the organization uses an accrual basis of accounting as opposed to a cash basis. If a cash basis is used, this may have implications for the completion of the quarterly financial reports for any federal subawards. If needed, an explanation should be included in the Comments section.

**Cash Deposits:** The Notes to the Financial Statements will usually include a note regarding Cash. This note may specify if amounts of cash are in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. Some organizations may have cash that is collateralized, which may be referenced in this section of the Notes. Uninsured and uncollateralized cash should be noted. Uninsured amounts may be subject to possible loss in the event of bank failure and may warrant a recommendation that the subaward be on a cost reimbursable basis.

**Related Party Transactions:** The Notes to the Financial Statement should include a Note identifying any significant related party transaction. An example of such a transaction would be a non-profit’s Board of Directors member who owns a business that sells goods or services to the corporation. In this situation, there is the possibility of a conflict of interest in that the board member might gain financially from sales to the corporation that the board member might direct the corporation to make. The Note should be reviewed to assess any possible implications of any related party transactions. If the “NO” column is checked, an explanation should be provided.

**Contingencies and Litigation:** There is usually a Note that will address any significant matters in this area. The reviewer should assess the potential implications of any identified contingencies or litigation and provide an explanation, if warranted.

**Leases:** The Notes will usually contain a section that pertains to leases, if the organization has any. Leases have both short and long term implications to the organization and represent obligations of the organization. The reviewer must use judgment in assessing the implications of the leases to the organization and the prospective subaward. For example, a high lease obligation coupled with a low cash flow or low cash reserves may be a matter of concern as the organization may have difficulty making its lease payments.

**Deferred Revenue:** This item is usually identified in the Liabilities section of the Balance Sheet. Deferred Revenue refers to revenue that has been received but not yet earned. This might be the case where an organization has received an advance payment that has not yet been expended. The unexpended balance of the advance would be reported as deferred revenue. Generally, deferred revenue is not considered a problem unless the organization does not have an equal amount of cash on hand. A lack of an equal amount of cash might indicate the unearned cash was used for purposes other than for which it was intended. The Notes to the Financial Statements may include a note that identifies the amounts and sources of the Deferred Revenue. The reviewer should identify in the Comments column the amount of cash, including equivalents and investments, and the amount of deferred revenue. If cash is less than the deferred revenue amount, appropriate controls and safeguards should be recommended for the subaward.

**Reportable Conditions:** This line pertains to the internal controls of the organization and information on reportable conditions is usually only found in the state or federal single audit reports. A reportable condition is a deficiency in internal controls that, according to Generally Accepted Governmental Auditing Standards, are to be identified and reported. Typically, there is a summary schedule in the single audit reports that identifies any reportable conditions, material internal control deficiencies and findings of non-compliance. This summary page should be reviewed and appropriate notations made in the financial due diligence spreadsheet. The audit report will describe the reportable condition. The reviewer must use judgment in assessing the implications of the condition to the prospective subaward.

**Material Deficiency:** These are also identified in the state and federal single audit reports. A material internal control deficiency is one that could result in material misstatements of the financial statements and is a relatively serious condition. When the organization has had prior subawards from DETS, staff is responsible for formally resolving material deficiencies and ensuring the organization takes appropriate actions to correct the situation.

Depending on the nature of the material deficiency, appropriate controls or safeguards should be recommended for the prospective subaward.

**Findings of Non-compliance:** These are also identified in the single audit reports. Generally, DETS is only concerned with Findings that are identified in the reports that pertain to prior subawards from DETS. As with material internal control deficiencies, DETS is required to formally resolve these findings. Appropriate safeguards should be placed on the subaward to ensure the non-compliance does not recur.

**Questioned Costs:** These are also identified in the single audit reports and DETS is required to formally resolve any questioned costs related to its prior subawards. Appropriate controls and safeguards should be recommended when questioned costs are identified in a subaward. The prospective subaward may be delayed until such time as the questioned costs are formally resolved.

**Comments and Recommendations:** This section of the Financial Review Form should be completed to record any observations or concerns identified during the review. Depending on the items disclosed during the review, there are several possible actions the reviewer can recommend to try to reduce the possible effects of due diligence concerns. One recommendation is that the subaward should be on a cost reimbursable basis, with no advance payments allowed. This recommendation would be made if there are concerns about the subrecipient's ability to manage its cash or its possible use of subaward funds for non-subaward purposes. Another recommendation is that copies of source documents should be required to be provided with the reimbursement requests. This recommendation would be used when there are concerns about the record keeping abilities of the subrecipients. For example, if there is a finding about not maintaining time sheets, then requiring source documents would help to assure that time records are properly maintained. Another recommendation is that DETS exercise close monitoring of the activities under the subaward. This might include conducting a site visit early in the subaward to both monitor subaward activities as well as provide technical assistance. For those organizations with the highest level of concern, the recommendation might be to make the subaward cost reimbursable, with source documents required to be submitted and a site visit to be conducted by the second or third month of the subaward. If the due diligence does not identify any issues, the Comment section could indicate the financial review did not disclose any matters of concern for the prospective subaward.

## Definitions

- a. **Audit** for the purpose of this document is an examination of the records or financial accounts and statements of an organization typically completed by a Certified Public Accountant in which the auditor expresses an opinion about the conformity of the financial statements to generally accepted accounting principles.

- b. **Due Diligence** is a research of a subrecipient's performance to evaluate the risk posed by the subrecipient for consideration of a possible subaward.
- c. **Questioned Costs** are costs that have been identified as possibly being in violation of one or more federal or state laws, regulations, policies or other requirements.
- d. **Single Audit** is an audit that also includes examination of the organization's administration of state or federal subawards and the organization's compliance with the requirements governing those subawards.
- e. **Subaward** is all of the documents included in the contractual agreement between DETS and a financial assistance recipient under one of DETS's job training programs and includes Reimbursable Services Agreements (RSA) with other state agencies where funds are provided for services to the public.
- f. **Subrecipient** is the named recipient receiving a subaward or RSA from DETS.

# Financial Review

<b>ORGANIZATION NAME:</b>							
<b>STATEMENTS:</b>							
<b>DATES:</b>							
NO.	CHECK LIST ITEM				AMOUNT	AMOUNT	AMOUNT
1	<b>Total Assets</b>						
2	<b>Total Liabilities</b>						
3	Total Net Assets				\$0	\$0	\$0
4	Total Assets Divided by Total Liabilities				#DIV/0!	#DIV/0!	#DIV/0!
5	<b>Total Revenues</b>						
6	<b>Total Expenses</b>						
7	Revenues Over(Under) Expenses				\$0	\$0	\$0
8	Average Monthly Revenues				\$0	\$0	\$0
9	Average Monthly Expenses				\$0	\$0	\$0
10	Average Monthly Over(Under)				\$0	\$0	\$0
11	<b>Cash and Cash Equivalents</b>						
12	Cash as a Percent of Average Monthly Expenses				#DIV/0!	#DIV/0!	#DIV/0!
13	<b>Accounts Receivable</b>						
14	Accounts Receivable as a Percent of Average Monthly Revenues				#DIV/0!	#DIV/0!	#DIV/0!
15	<b>Total Current Assets</b>						
16	Total Current Assets as a Percent of Total Assets				#DIV/0!	#DIV/0!	#DIV/0!
17	<b>Fixed Assets</b>						
18	<b>Accumulated Depreciation</b>						
19	Net Fixed Assets				\$0	\$0	\$0
20	Net Fixed Assets as a Percent of Total Assets				#DIV/0!	#DIV/0!	#DIV/0!
21	<b>Accounts Payable</b>						
22	Accounts Payable as a Percent of Average Monthly Expenses				#DIV/0!	#DIV/0!	#DIV/0!
23	<b>Payroll and Taxes Payable</b>						
24	<b>Total Payroll Expense</b>						
25	Average Monthly Payroll Expense				\$0	\$0	\$0
26	Payroll and Taxes Payable as a Percent of Average Monthly Payroll Expense				#DIV/0!	#DIV/0!	#DIV/0!
27	<b>Total Current Liabilities</b>						
28	Total Current Liabilities as a Percent of Total Liabilities				#DIV/0!	#DIV/0!	#DIV/0!
29	Total Current Assets as a Percent of Total Current Liabilities				#DIV/0!	#DIV/0!	#DIV/0!
30	<b>Long Term Liabilities</b>						
31	Long Term Liabilities as a Percent of Total Liabilities				#DIV/0!	#DIV/0!	#DIV/0!
		<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>COMMENTS</b>		
32	There <b>is</b> an unqualified audit opinion.						
33	There are <b>no</b> scope limitations.						
34	The entity <b>uses</b> an accrual or modified accrual basis of accounting						
35	There are <b>no</b> cash deposits in excess of FDIC coverage						
36	There are <b>no</b> significant related party transactions						
37	There are <b>no</b> significant contingencies or litigation noted						
38	Leases appear reasonable and sustainable						
39	Any deferred revenue has been investigated and netted with cash balances to ensure adequate cash exists.						
40	There are <b>no</b> significant deficiencies control conditions						
41	There are <b>no</b> material internal control deficiencies						
42	There are <b>no</b> findings of non-compliance						
43	There are <b>no</b> questioned costs						
<b>COMMENTS AND RECOMMENDATIONS</b>							
/s/							
<b>Completed By</b> Sheryl L Cowan, Grants Administrator III				<b>Date</b>			