

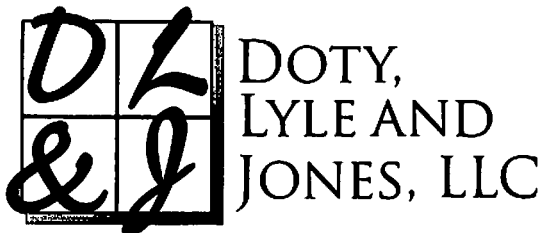
**VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT
CORPORATION)**

AUDITED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2010

**VETERAN GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Veterans Green Jobs
Denver, Colorado

We have audited the accompanying statement of financial position of Veterans Green Jobs (the "Organization"), a Colorado not-for-profit corporation, as of June 30, 2010, and the related statements of activities, cash flows, and functional expenses for the six months then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these statements based on our audit.

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 Veterans Green Jobs as of June 30, 2010, and the changes in its net assets and cash flows for the six months 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 March 8, 2011 on our consideration of Veterans Green Jobs' 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 *Governmental Auditing Standards* and is important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Veterans Green Jobs taken as a whole. The accompanying schedule of expenditures of federal awards for the six months ended June 30, 2010 is presented for purposes of additional analysis as required by the 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 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.

Doty, Lyle and Jones, LLC

Doty, Lyle, and Jones, LLC
Certified Public Accountants and Professional Advisors

Boulder, Colorado
March 8, 2011

**VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010**

ASSETS

Current assets	
Cash and cash equivalents	\$ 179,297
Accounts receivable	44,608
Grants receivable	1,038,612
Promises to give	5,000
Prepaid expenses	30,369
Inventory	109,437
Employee advances	4,591
Total current assets	1,411,914
Property and equipment	
Equipment	52,743
Leasehold improvements	7,663
Vehicles	3,000
Total property and equipment	63,406
Less accumulated depreciation	(14,610)
Property and equipment, net	48,796
Deposits	14,000
Total assets	\$ 1,474,710

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 710,631
Accrued payroll	76,066
Accrued payroll taxes	32,720
Accrued vacation	49,685
Deferred lease liability	34,042
Total current liabilities	903,144
Net assets	
Unrestricted net assets (deficit)	(122,914)
Temporarily restricted net assets	694,480
Total net assets	571,566
Total liabilities and net assets	\$ 1,474,710

See accompanying notes.

VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
STATEMENT OF ACTIVITIES
FOR THE SIX MONTHS ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions	\$ 48,667	\$ 494,422	\$ 543,089
Grants	3,184,273	-	3,184,273
Program income	158,766	-	158,766
Interest income	1,048	-	1,048
Net assets released from restrictions	199,942	(199,942)	-
Total support and revenue	3,592,696	294,480	3,887,176
Expenses			
Program services	3,312,037	-	3,312,037
General and administrative	372,563	-	372,563
Fundraising	63,646	-	63,646
Total expenses	3,748,246	-	3,748,246
Change in net assets	(155,550)	294,480	138,930
Net assets, beginning of period	32,636	400,000	432,636
Net assets (deficit), end of period	\$ (122,914)	\$ 694,480	\$ 571,566

See accompanying notes.

VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2010

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ 138,930	\$ (315,160)
Adjustments to reconcile change in net assets to net assets used in operating activities		
Depreciation	5,510	8,981
Provision for bad debt expense	3,648	-
(Increase) decrease in assets		
Accounts receivable	(40,868)	(7,388)
Grants receivable	(750,828)	(287,784)
Prepaid expenses	(12,440)	(16,929)
Inventory	(62,877)	(46,560)
Employee advances	190	(4,781)
Deposits	(13,000)	-
Increase (decrease) in liabilities		
Accounts payable	638,572	50,192
Accrued payroll	65,878	10,188
Accrued payroll taxes	6,434	26,286
Accrued vacation	33,099	16,586
Deferred lease liability	34,042	-
Deferred revenue	(307,685)	307,685
Net cash used in operating activities	(261,395)	(252,684)
Cash flows used in investing activities		
Acquisition of property and equipment	(7,663)	(45,743)
Net change in cash and cash equivalents	(269,058)	(298,427)
Cash and cash equivalents, beginning of period	448,355	746,782
Cash and cash equivalents, end of period	\$ 179,297	\$ 448,355

See accompanying notes.

VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2010

	Program Services	General & Admin.	Fundraising	Total
Salaries	\$ 908,543	\$ 143,865	\$ 38,399	\$ 1,090,807
Employee benefits	75,848	10,595	2,765	89,208
Payroll tax expenses	85,105	11,888	3,103	100,096
Subtotal	1,069,496	166,348	44,267	1,280,111
Accounting	4,500	9,651	-	14,151
Bad debt expense	3,648	-	-	3,648
Board expense	-	2,347	-	2,347
Contract services	18,811	15,282	10,227	44,320
Depreciation	5,255	255	-	5,510
Dues and subscriptions	210	100	197	507
Insurance	19,936	4,803	-	24,739
Licenses and permits	4,805	156	-	4,961
Miscellaneous	721	4,448	747	5,916
Occupancy	116,997	46,494	-	163,491
Office expense	42,714	55,263	253	98,230
Outreach and development	2,966	5,873	3,802	12,641
Printing and reproduction	1,658	6,664	191	8,513
Postage and delivery	1,087	2,160	95	3,342
Professional fees	4,682	15,534	2,650	22,866
Program development	750	-	-	750
Staff training	21,304	2,953	128	24,385
Telephone	13,520	15,411	360	29,291
Tools and equipment	351,563	9,913	-	361,476
Training program	33,351	-	-	33,351
Travel	18,508	8,908	729	28,145
Vehicle expense	61,553	-	-	61,553
Weatherization materials	1,514,002	-	-	1,514,002
Total expenses	\$ 3,312,037	\$ 372,563	\$ 63,646	\$ 3,748,246

See accompanying notes.

**VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

Note 1: Summary of Significant Accounting Policies—This summary of significant accounting policies of Veterans Green Jobs (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Activities—The Organization is a Colorado not-for-profit corporation incorporated on February 18, 2008 whose primary exempt purpose is to provide exemplary green jobs education and career development opportunities for military veterans, empowering and supporting them to lead America’s transition to energy independence, ecological restoration, community renewal and economic prosperity.

Basis of Presentation—The Organization follows the accounting standards set by the Financial Accounting Standards Board, commonly referred to as the “FASB.” The FASB sets generally accepted accounting principles (“GAAP”) that the Organization follows to ensure the financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the *FASB Accounting Standards Codification*, sometimes referred to as the Codification or ASC. The FASB finalized the Codification effective for periods ending on or after September 15, 2009.

The financial statements are prepared on the accrual basis of accounting and are in conformity with FASB ASC 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Fair Value Measurements—The Organization has adopted ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs from the asset or liability (Level 3).

Cash Equivalents—The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Continued.

VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies (continued)

Contributions—The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*. In accordance with ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

Estimates—In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenues, and expenses. Accordingly, actual results could differ from those estimates.

In-Kind Donations—Donated goods and equipment are recorded at estimated fair values as revenue and expenses, or capitalized assets, depending on the nature of the donation. The contribution of services is recognized if the services received either create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers have donated amounts of time to the Organization in various capacities. However, these services have not been reflected in the financial statements since they neither require specialized skills nor would they have typically been purchased had they not been donated. The value of these services is not readily determinable.

Income Taxes—No provision for income taxes has been made because the Organization is a qualified not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and the Colorado Income Tax Act of 1964 (as amended). The years open for tax authority examinations are 2007 through 2010.

Advertising—ASC 720-35 *Other Expenses, Advertising Costs* requires direct response advertising to be capitalized when it can be shown that customers responded to a specific advertisement and there is probable future economic benefit. The Organization does not currently use direct response advertising, hence advertising costs are expensed when incurred.

**VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

Note 1: Summary of Significant Accounting Policies (Continued)

Inventory—Inventory consists of weatherization materials. Inventory is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

Grants Receivable and Accounts Receivable—Based on the judgment of the Organization and past collection histories, no allowance for doubtful accounts was deemed necessary as of June 30, 2010. The Organization does not require collateral on grants receivable and accounts receivable.

Promises to give—Promises to give are recognized as revenues in the period the promise is received and as assets, decrease of liabilities, or expenses, depending on the form of the benefits received. There was no discount calculated and the promises were fully collected during the period ending June 30, 2010.

Property and Equipment—Property and equipment are stated at cost or fair market value in the case of donated items. The Organization capitalizes all assets over \$1,000. The property and equipment is depreciated under the straight-line method over five to seven years.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. If impairment is indicated, the loss is measured based on the amount by which the carrying value exceeds its fair value. Management does not believe that any impairment has occurred as of June 30, 2010.

Note 2: Commitments-Operating Lease—The Organization leases office space under an operating lease that expires in January 2011. The total lease expense was \$83,749 for the six months ended June 30, 2010. Future required minimum lease payments through maturity are \$117,273.

Note 3: Revenue Concentration—During the six months ended June 30, 2010, 93% of revenue was received from two grantors. At June 30, 2010, 100% of grants receivable was from one grantor.

Note 4: Subsequent Events—In accordance with ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through March 8, 2011, which is the date these financial statements were issued. There are no subsequent events that require disclosure.

Continued.

**VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

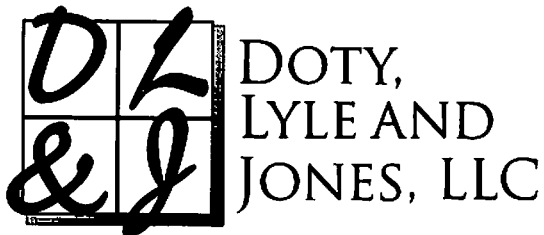
Note 5: Restrictions on Net Assets—Temporarily restricted net assets are restricted for the following purposes at June 30, 2010:

Weatherization services	\$ 352,984
Service transition	117,367
Enterprise	78,198
Veteran development	64,809
Education and training	63,500
Other	17,622
	\$ 694,480

**VETERAN GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SIX MONTHS ENDED JUNE 30, 2010**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	ARRA Funds	Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Energy					
Governor's Energy Office Weatherization Assistance for Low-Income Persons	81.042	C900634		\$ -	\$ 378,861
Governor's Energy Office Weatherization Assistance for Low-Income Persons	81.042	C900635	X	-	453,907
Governor's Energy Office Weatherization Assistance for Low-Income Persons	81.042	C900669	X	455,713	1,465,244
Governor's Energy Office Weatherization Assistance for Low-Income Persons	81.042	C900670		291,358	812,783
City and County of Denver Green Jobs Neighborhood Tree Planting	81.128	DE-EE0000909/000 Contract No. GC94011	X	-	25,729
Total				\$ 747,071	\$ 3,136,524

The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.



Certified Public Accountants
and Professional Advisors

INDEPENDENT AUDITOR'S 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

Board of Directors
Veterans Green Jobs
Denver, Colorado

We have audited the financial statements of Veterans Green Jobs (the "Organization"), a Colorado not-for-profit corporation, as of and for the six months ended June 30, 2010, and have issued our report thereon dated March 8, 2011. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization'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 the Organization'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2010.01 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any significant deficiencies.

Compliance and Other Matters

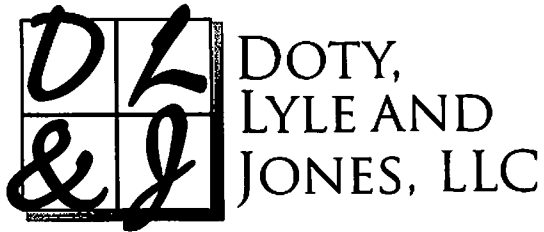
As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, 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.


Doty, Lyle, and Jones, LLC
Certified Public Accountants and Professional Advisors

Boulder, Colorado
March 8, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Veterans Green Jobs
Denver, Colorado

Compliance

We have audited the compliance of Veterans Green Jobs (the "Organization"), a Colorado not-for-profit corporation, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the six months ended June 30, 2010. The Organization'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 the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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 the Organization'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 the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the six months ended June 30, 2010.

Internal Control Over Compliance

The management of the Organization 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 the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Organization's internal control over compliance.

Our consideration of internal control compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance 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 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. We did not consider any of the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the findings 2010.02 and 2010.03 to be significant deficiencies.

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, 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.

Doty, Lyle and Jones, LLC

Doty, Lyle, and Jones, LLC

Certified Public Accountants and Professional Advisors

Boulder, Colorado

March 8, 2011

**VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

Section I – Summary of Auditor’s Results

Financial Statements

The auditor has issued an unqualified opinion on the Organization’s financial statements.

Internal control over financial reporting:

- Material weaknesses identified? X Yes No

- Significant deficiencies identified
that are not considered to be
material weaknesses? Yes X No

Noncompliance material to financial
statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes X No

- Significant deficiencies identified
that are not considered to be
material weaknesses? X Yes No

The auditor has issued an unqualified opinion on compliance with major programs.

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? X Yes No

Continued.

**VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

Identification of major programs:

CFDA Number	Name of Federal Program
81.042	U.S. Department of Energy

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

Finding Number: 2010.01

Criteria: The Organization is required to present their financial statements in conformity with generally accepted accounting principles.

Statement of Condition: The Organization recorded the purchase of several vehicles in the wrong period. At June 30, 2010, the Organization recorded an accrued expense for the purchase of the vehicles that were not yet received in the amount of \$239,593. The Organization also incorrectly recorded the purchase to accounts receivable and revenue. This finding was an isolated instance.

Effect: Liabilities, assets, revenue and expenses were all overstated.

Recommendation: Purchases of items should be recorded when the items are physically received.

Management Response: Management agrees with the recommendation. This was an isolated incidence, due to the delayed execution by the State of Colorado of the GEO Region 9 weatherization contract for the 2009/10 contract period which commenced on February 22, 2010 and ended on June 30, 2010. The vehicles were ordered in April 2010 with an expected delivery time of June 2010 and were a part of the capital expense budget for that contract year. Delivery was delayed by the vendor until August 2010, and after consultation with the GEO contract manager, the expense was accrued so that the billing would coincide with the grant period in which they were ordered.

Continued.

**VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

Section III – Federal Award Findings and Questioned Costs

CFDA #81.042

Finding Number: 2010.02

Criteria: The Organization is required to follow their internal control policies. The Organization's internal control policies state that employee timesheets must be approved by the employee's supervisor.

Statement of Condition: Our audit procedures revealed four out of the ten timesheets sampled were not approved by a supervisor.

Effect: Employee's hours are not being verified by their respective supervisor.

Recommendation: The Organization should follow their internal control policies and require employee timesheets be approved by a supervisor.

Management Response: Management agrees with the recommendation. The audit period covered the start up phase for two large programs – the Colorado Governor's Energy Office Weatherization program in Region 9 and Region 3. At that time, policies and procedures did require staff and management signatures of all timesheets. However, due to start up nature of operations, a procedure for timesheet reviews to ensure compliance was not in place. Since then, a procedure whereby the accounting team reviews timesheets for signatures has been implemented.

Finding Number: 2010.03

Criteria: Proper segregation of duties does not allow employees to approve and sign a check payable to themselves.

Statement of Condition: Audit procedures revealed that a reimbursement check to an employee for travel expenses was approved and signed by the same employee.

Effect: Unallowable expenses could be entered.

Recommendation: We recommend the Organization put into place an internal control policy that does not allow employees to sign checks made payable to themselves. The payments should be approved and signed by a supervising employee.

Continued.

**VETERANS GREEN JOBS
(A COLORADO NOT-FOR-PROFIT CORPORATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

Section III – Federal Award Findings and Questioned Costs (continued)

Finding Number: 2010.03 (continued)

Management Response: Management agrees with the recommendation. There is an internal control policy that prohibits employees from signing checks payable to themselves. This was an isolated incident for a regional program that had just opened a separate bank account. When the account was first created, the Executive Director for the program was the only local signor and signed an expense reimbursement check. The CFO discovered this policy lapse in the following month while reviewing the bank statements and discussed this with the Executive Director. To resolve this problem, a program manager was added as a signor to allow for two signors at the local level.