



Mountain States Group Inc.
"international community resource development"

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
June 30, 2011 and 2010



Mountain States Group Inc.
"international community resource development"

<u>Table of Contents for the Years Ending June 30, 2011 and 2010</u>	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Statement of Functional Expenses	6-8
Notes to Financial Statements	9-21
<u>Supplemental Financial Information:</u>	
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	24-25
Schedule of Expenditures of Federal Awards and Notes	26-28
Schedule of Findings and Questioned Costs	29



Independent Auditor's Report

To the Board of Directors
Mountain States Group, Inc.
Boise, Idaho

We have audited the accompanying statements of financial position of Mountain States Group, Inc., a nonprofit organization (the Organization) as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the statement of functional expenses for the year ended June 30, 2011. 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 audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountain States Group, Inc. as of June 30, 2011 and 2010, 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 of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2011, on our consideration of Mountain States Group, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
October 17, 2011



MOUNTAIN STATES GROUP, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

ASSETS	2011	2010
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 783,684	\$ 487,523
Cash Held for Fiduciaries	188,090	228,097
Grants and Contracts Receivable	1,774,521	1,595,093
Accounts Receivable Other	35,956	100,904
Microenterprise Loan Receivable, Net	37,474	40,402
Prepaid Expenses	50,440	32,769
Total Current Assets	2,870,165	2,484,788
PROPERTY AND EQUIPMENT		
Land	221,433	221,433
Buildings and Improvements	1,587,970	1,196,919
Furniture, Fixtures, and Equipment	203,767	207,084
Less: Accumulated Depreciation	(742,560)	(685,890)
Total Property and Equipment	1,270,610	939,546
LONG TERM ASSETS		
Microenterprise Loan Receivable, Net	51,346	25,950
TOTAL ASSETS	\$ 4,192,121	\$ 3,450,284
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 964,376	\$ 798,702
Accrued Wages and Benefits	504,897	524,316
Deferred Revenue	351,958	62,371
Due to Fiduciaries	188,090	228,097
Current Portion of Mortgage Payable	25,151	23,961
Total Current Liabilities	2,034,472	1,637,447
LONG TERM LIABILITIES		
Mortgage Payable, less current portion	423,581	448,732
TOTAL LIABILITIES	2,458,053	2,086,179
NET ASSETS		
Unrestricted	1,333,089	1,281,629
Temporarily Restricted	400,979	82,476
Total Net Assets	1,734,068	1,364,105
TOTAL LIABILITIES AND NET ASSETS	\$ 4,192,121	\$ 3,450,284



MOUNTAIN STATES GROUP, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2011 and 2010

	2011	2010
<u>UNRESTRICTED SUPPORT AND REVENUES</u>		
Grants and Contracts	\$ 11,938,414	\$ 11,997,102
Fees for Service and Reimbursements	1,703,547	2,458,479
Contributions / In-kind / Donations	318,203	292,783
Dividends and Interest	12,394	12,549
Total Revenue	13,972,558	14,760,913
<u>UNRESTRICTED EXPENDITURES</u>		
Salaries	4,283,523	4,415,894
Benefits	976,205	901,227
Total Salaries & Benefits	5,259,728	5,317,121
Contracts and Consulting	2,974,974	3,042,456
Food Program Provider Payments	1,510,036	1,481,867
Stipends / Assistance / Support	1,499,081	2,158,541
Indirect / Administrative Fees	880,844	917,020
Office Rental and Maintenance	389,782	379,473
Supplies	308,468	261,534
Travel	300,778	330,490
Telephone and Utilities	122,872	107,759
Meetings and Conferences	100,361	215,296
Legal and Accounting	98,611	67,744
Staff and Volunteer Training	91,047	59,913
Printing	74,935	71,076
Computer Supplies	66,094	35,011
Depreciation	63,089	51,509
Fundraising	59,798	47,321
Insurance	29,927	26,250
Postage	28,225	25,521
Property Taxes	27,552	25,781
Interest	23,554	24,743
Bad Debt Expense	8,192	16,688
Loss on Disposal of Assets	3,150	-
Total Expenditures	13,921,098	14,663,114
INCREASE IN UNRESTRICTED NET ASSETS	51,460	97,799
<u>TEMPORARILY RESTRICTED REVENUE</u>		
Grants	318,503	82,476
INCREASE IN TEMP RESTRICTED NET ASSETS	318,503	82,476
INCREASE IN NET ASSETS	369,963	180,275
NET ASSETS, BEGINNING OF PERIOD	1,364,105	1,183,830
NET ASSETS, END OF PERIOD	\$ 1,734,068	\$ 1,364,105



MOUNTAIN STATES GROUP, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 369,963	\$ 180,275
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	63,089	51,509
Loss on Disposal of Assets	3,150	-
Changes in Assets and Liabilities		
Grants and Contracts Receivable	(179,428)	(280,488)
Accounts Receivable Other	64,948	(21,736)
Prepaid Expenses	(17,671)	3,989
Accounts Payable	165,674	109,156
Accrued Wages & Benefits	(19,419)	17,829
Deferred Revenue	289,587	(146,655)
Due to Fiduciaries	(40,007)	90,076
Net cash from Operating activities	699,886	3,955
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land	-	(70,240)
Buildings and Improvements	(391,052)	(26,769)
Purchase of Furniture, Fixtures, and Equipment	(6,251)	-
Microenterprise Lending	(107,868)	(28,822)
Microenterprise Cash Collection	85,400	81,036
Net cash used by Investing activities	(419,771)	(44,795)
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage Payments	(23,961)	(22,772)
Net cash used by Financing activities	(23,961)	(22,772)
NET INCREASE (DECREASE) IN CASH	256,154	(63,612)
CASH, BEGINNING OF PERIOD	715,620	779,232
CASH, END OF PERIOD	\$ 971,774	\$ 715,620
Supplemental Disclosures of cash flow information		
Cash Paid for Interest	\$ 23,554	\$ 24,743



MOUNTAIN STATES GROUP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

Expenditures	Mental Health	Public Health	Healthy Children & Families	Refugee Services
Salaries	\$ 402,801	\$ 44,429	\$ 1,331,534	\$ 1,100,416
Benefits	77,645	13,688	318,798	260,010
Total Salaries and Benefits	480,446	58,117	1,650,332	1,360,426
Contracts and Consulting	97,454	14,930	70,244	1,596,461
Food Program Provider Payments	-	-	1,510,036	-
Stipends / Assistance / Support	-	-	2,590	1,213,966
Indirect / Administrative Fees	96,930	14,763	261,949	282,085
Office Rental and Maintenance	21,006	60	168,289	105,080
Supplies	12,518	2,705	134,264	74,465
Travel	32,895	18,240	69,391	37,357
Telephone and Utilities	12,255	1,488	49,918	17,462
Meetings and Conferences	31,989	26,344	3,291	19,057
Legal and Accounting	743	60	1,150	23,126
Staff and Volunteer Training	9,958	-	64,059	6,807
Printing	2,885	314	19,105	12,754
Computer Supplies	989	-	27,108	13,941
Depreciation	-	-	-	-
Fundraising	-	-	-	16,419
Insurance	-	-	2,717	4,182
Postage	1,374	227	6,615	7,414
Property Taxes	-	-	2,921	-
Interest	-	-	-	-
Bad Debt Expense	4,272	-	-	3,920
Loss on Disposal of Assets	-	-	-	-
Total Expenditures	\$ 805,714	\$ 137,248	\$ 4,043,979	\$ 4,794,922



MOUNTAIN STATES GROUP, INC.
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
YEAR ENDED JUNE 30, 2011

	Rural Health	Healthy Aging	Total Program Services
<u>Expenditures</u>			
Salaries	\$ 599,440	\$ 256,651	\$ 3,735,271
Benefits	128,467	59,345	857,953
Total Salaries and Benefits	727,907	315,996	4,593,224
Contracts and Consulting	1,095,133	79,061	2,953,283
Food Program Provider Payments	-	-	1,510,036
Stipends / Assistance / Support	5,905	276,620	1,499,081
Indirect / Administrative Fees	183,218	41,899	880,844
Office Rental and Maintenance	23,941	29,543	347,919
Supplies	46,451	21,274	291,677
Travel	123,066	10,570	291,519
Telephone and Utilities	11,704	2,789	95,616
Meetings and Conferences	15,707	1,117	97,505
Legal and Accounting	86	149	25,314
Staff and Volunteer Training	1,513	3,707	86,044
Printing	4,245	3,544	42,847
Computer Supplies	4,825	3,118	49,981
Depreciation	-	-	-
Fundraising	-	43,379	59,798
Insurance	-	293	7,192
Postage	5,479	3,389	24,498
Property Taxes	-	-	2,921
Interest	-	-	-
Bad Debt Expense	-	-	8,192
Loss on Disposal of Assets	-	-	-
Total Expenditures	<u>\$ 2,249,180</u>	<u>\$ 836,448</u>	<u>\$ 12,867,491</u>



MOUNTAIN STATES GROUP, INC.
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
YEAR ENDED JUNE 30, 2011

<u>Expenditures</u>	Administration	Building & Equipment	Total Expenses
Salaries	\$ 548,252	\$ -	\$ 4,283,523
Benefits	118,252	-	976,205
Total Salaries and Benefits	666,504	-	5,259,728
Contracts and Consulting	21,691	-	2,974,974
Food Program Provider Payments	-	-	1,510,036
Stipends / Assistance / Support	-	-	1,499,081
Indirect / Administrative Fees	-	-	880,844
Office Rental and Maintenance	33,810	8,053	389,782
Supplies	16,791	-	308,468
Travel	9,259	-	300,778
Telephone and Utilities	10,618	16,638	122,872
Meetings and Conferences	2,856	-	100,361
Legal and Accounting	73,297	-	98,611
Staff and Volunteer Training	5,003	-	91,047
Printing	32,088	-	74,935
Computer Supplies	16,113	-	66,094
Depreciation	3,578	59,511	63,089
Fundraising	-	-	59,798
Insurance	22,735	-	29,927
Postage	3,727	-	28,225
Property Taxes	2,100	22,531	27,552
Interest	-	23,554	23,554
Bad Debt Expense	-	-	8,192
Loss on Disposal of Assets	-	3,150	3,150
Total Expenditures	\$ 920,170	\$ 133,437	\$ 13,921,098



Notes to Financial Statements June 30, 2011 and 2010

Note 1. ORGANIZATION AND PROGRAM SERVICES

Organization: Mountain States Group, Inc. (MSG) is a 501(c)(3) nonprofit corporation, incorporated under the laws of the State of Idaho for the purpose of improving the delivery, accessibility, and quality of health care and social services. Offices are located in Boise, Caldwell, Coeur d'Alene, Mountain Home, Nampa, Rathdrum, Sandpoint, and Weiser, Idaho and Jacksonville, Florida.

Mission: MSG works locally and nationally to promote citizen and community leadership in improving health and human services; and provides high quality direct services for diverse populations. Our programs work toward the common mission of people shaping their own lives and sharing in their communities. MSG program areas include: Mental Health, Public Health, Healthy Children & Families, Refugee Services, Rural Health, and Healthy Aging.

Mental Health:

- **Mental Health Services** – Operates under Medicaid provider agreements on a fee-for-service basis, through the Idaho Department of Health and Welfare (IDH&W) for targeted case management, psychosocial rehabilitation (PSR), individual counseling, and clinic services in Boise, Idaho.
- **Office of Consumer and Family Affairs (OCFA)** – Funded by IDH&W, OCFA encourages persons with mental illness and their families to have a voice in how Idaho's mental health services are provided. The OCFA assists consumers and family groups statewide in organizing and advocacy, and provides information on current service system issues and recovery-focused services.
- **Idaho Peer Specialist Program** – Funded by IDH&W to establish an Idaho Peer Specialist Training and Certification Program and to place Certified Peer Specialists within the state's Regional Mental Health Programs. During the fiscal year, 40 individuals were trained in Wellness Recovery Action Plan and 23 individuals received the Peer Specialist Training, a requirement for becoming certified.
- **Projects for Assistance to Transition from Homelessness (PATH)** – Funded by IDH&W to provide 14 certified peer specialists across Idaho to provide outreach and engagement services to adults and transitional aged youth who are homeless or at risk of homelessness to gain access to needed resources including housing, mental health, and/or substance abuse treatment.
- **Idaho Partnership for Hispanic Mental Health** – On August 1, 2009, MSG was awarded a Phase One planning grant through the National Institutes of Mental Health (NIMH) that included the completion of 238 individual quantitative interviews with Hispanic adults in Ada and Canyon County to determine their perceptions and beliefs about mental illness and behaviors regarding mental health treatment and 94 qualitative interviews as well as key informant interviews with southwest Idaho mental health service providers. The project's findings are currently being developed into a final report for NIMH and will be presented at the Latino Behavioral Health conference

in November 2011. NIMH funding under this community based participatory research program ends January 31, 2012. Other sources of funding to continue the intervention phase of this grant are currently being considered.

- **Home Recovery Team Pilot Project** – From February 1, 2009 to April 30, 2010, the Home Recovery Team operated in conjunction with IDH&W's Region IV Mental Health Program and provided short-term individualized treatment and support to adults with serious mental illness, allowing clients to remain in their homes. In spite of the success of this program, this contract's funding ended due to IDH&W budget constraints.

Public Health:

- **Idaho HIV Community Planning Coordination** – Funded through IDH&W to coordinate the Idaho Advisory Council on HIV and AIDS (IACHA) which includes assisting with planning the state's HIV/AIDS care and prevention services that include convening a statewide planning group, compiling applicable information for decision making, and preparing Idaho's plans for HIV/AIDS care and prevention services to assist the state in securing federal funding.
- **Idaho Statewide Quality Management Committee** – Funded through IDH&W to coordinate the statewide HIV/AIDS Quality Management Committee that works with IDH&W's Family Planning, STD, and HIV Programs, and the Idaho Advisory Council on HIV/AIDS to develop and continually improve a quality continuum of care statewide that meets the identified needs of people living with HIV and AIDS.
- **Idaho Center for Fiscal Policy (IdahoCFP)** – Idaho's State Fiscal Analysis Initiative (SFAI) entity was funded with a planning grant through the Northwest Area Foundation in June 2011. The role of an SFAI is to produce and disseminate reports and tools for advocates on state budget, tax structure, and budget/tax options and decisions.

Healthy Children & Families:

- **Mountain States Early Head Start (MSEHS)** – Continues to provide comprehensive health, social, and educational services for infants, toddlers, and their families through family-centered and community-based efforts in Kootenai and Bonner Counties in north Idaho through grants from the U.S. Department of Health and Human Services (USDHHS) and TANF, passed through from the Idaho Head Start Association. Funded to serve a minimum of 119 children, services include home visits, parent/child educational playgroups, and classes such as CPR, money management, cooking, and child discipline. MSEHS also provides assistance in linking families to needed community resources in areas of preventative health care, dental exams, immunizations, nutrition education, and developmental screenings. Some highlights of successes are measured with parents completing GED courses, enrolling in college, or becoming a first time home buyer. MSEHS was awarded an American Recovery and Reinvestment Act of 2009 (ARRA) grant for staff cost of living adjustments and quality improvement funds. This one-time funding covered a project period from July 1, 2009 to September 30, 2010.
- **Mountain States Early Head Start Expansion** – On November 1, 2009, USDHHS

awarded an ARRA grant to expand the MSEHS program in northern Idaho. The expansion serves 40 additional children, 10 in Hope/Clark Fork area and 30 in the Lakeland area of northern Idaho. This expansion grant included a provision for a new building (see Temporarily Restricted Net Assets note) in Rathdrum, Idaho.

- **Nutrition Works** – Sponsoring organization of the Child and Adult Care Food Program in Idaho with the main goal of helping child care facilities (homes and centers) provide nutritious meals to low-income children. This federal program, funded through the U.S. Department of Agriculture and passed through the Idaho Department of Education, was started almost 40 years ago and has been a part of MSG since 1996. The program supports child care facilities with education and stipends to feed over 3,800 children well-balanced, healthy meals and snacks each month, playing an important role in helping to combat rising obesity rates.
- **Idaho KIDS COUNT** – Compiles data and research that informs policy change to improve the lives of vulnerable children and their families, funded by the Annie E. Casey Foundation, which published its 2011 Kids Count Data Book in August 2011. Idaho KIDS COUNT is currently focusing on third grade reading proficiency, funding for public education, child mortality reviews, child health outcomes and 2010 Census data results.
- **Healthy Tomorrows: Starting Points for Idaho Youth** – A USDHHS grant that supported outreach efforts for health coverage to low income children and youth by targeting community events in rural counties, strategic media and school outreach, and the continued involvement of school nurses in 15 rural school districts. This grant ended March 1, 2011.
- **Children's Health Insurance Program Reauthorization Act Outreach and Enrollment Grant (CHIPRA I and II)** – Funded through USDHHS's Center for Medicare & Medicaid Services (CMS) for a two year project period that ends September 29, 2011 to enroll and retain eligible children in the Medicaid and the Children's Health Insurance (CHIP) Programs in six rural Idaho counties. Through efforts of six bilingual community outreach workers, the program helped enroll or renew approximately 800 uninsured children and teens into the Idaho Children's Health Plan. On August 18, 2011, CHIPRA II, a two year grant, was awarded to continue outreach efforts with a focus on reaching Hispanic children using community health clinics across the state, in partnership with IDH&W and the Idaho Primary Care Association.

Refugee Services:

- **Idaho Office for Refugees (IOR)** – Responsible for administration of the State of Idaho's refugee resettlement program, overseeing the resettlement of 556 new refugees in Idaho during the fiscal year from 16 different countries, primarily from Bhutan, Burma, Iraq, the Congo, Afghanistan, Eritrea, and Somalia. IOR receives USDHHS funds from the Federal Office of Refugee Resettlement (ORR). IOR supports interim financial assistance, English language training, employment services, case management, and social adjustment services to assist refugees to become self-supporting and integrate into the U.S.
 - **Refugee Savings Program** – Funded through ORR, this Individual

Development Account (IDA) Savings program encourages self-sufficiency through education, training, and saving and provides a match of participant savings on a one to one basis. During the fiscal year, there were 125 IDA accounts actively participating to meet savings goals for home purchase, small business startups, or vehicles when needed for employment or post-secondary education/training.

- **Global Gardens** – Goals are to increase agricultural opportunities for low income refugee families in southwest Idaho by locating land for gardens to practice commercial growing; to establish model market gardens; to assist beginning farmers to locate land for purchase or lease for small farm operations; to provide farm planning for new American farmer courses; and to sponsor refugee farmer participation in education courses and apprenticeships at local farms and gardens. Global Gardens is funded through ORR's Refugee Agricultural Partnership Program and the National Institute of Food and Agriculture/USDA through its Beginning Farmers and Ranchers Development Program. Global Gardens has helped refugee farmers double their earnings this year from sales at local markets, grocery stores, and restaurants.
- **Agency for New Americans (ANA)** – Provided initial reception and placement services to 101 refugees in the Boise area during the fiscal year from 8 countries, primarily Bhutan, Iraq, Burma, Somalia, and the Congo. ANA provides case management, employment, tutoring, immigration, ethnic community building, and volunteer services to new arrivals and more established refugee clients. ANA has diversified funding through: U.S. Department of State, Bureau for Population, Refugees and Migration, through a Cooperative Agreement with Episcopal Migration Ministries (EMM), State of Idaho, direct grant awards from ORR, as a sub-recipient from IOR, as a sub-recipient from the U.S. Department of Homeland Security, and through community donations and support. ANA maintains a Board of Immigration Appeals accreditation for its Immigration Program.
- **English Language Center (ELC)** – Primarily funded through IOR, ELC uses classroom and computer lab settings to conduct 7 levels of adult English language instruction, a literacy level class for preliterate adults, a class for refugee elders, regular week long cultural orientation classes for newly arrived refugees, and a Family Literacy Program to develop intergenerational literacy skills and practices for refugee families with preschool aged children, serving 562 refugees during the fiscal year. On October 1, 2010, ELC was awarded a one year grant from the U.S. Department of Homeland Security to provide citizenship classes under its Citizenship and Integration Direct Services Grant Program.
- **Microenterprise Lending and Technical Assistance (META)** – Established with funding through ORR, META's initial focus was providing consulting, business plan training, and microloans to refugees in starting or expanding a small business. Through diversification of funding from additional grant funders and local financial institutions, META's funding has expanded to serve a much broader base of clients including:
 - U.S. Small Business Administration awarded an SBA Program for Investment in Micro-entrepreneurs Act of 1990 grant (PRIME) to provide training and

technical assistance to Hispanics, refugees, and other low- to moderate-income entrepreneurs in Ada and Canyon Counties.

- Northwest Area Foundation awarded a grant for Growing Green Businesses Initiative to provide training, technical assistance and microloans to start, strengthen, or expand green small businesses.
- The Idaho Women's Charitable Foundation provided an award for microenterprise assistance targeting low-income women in Ada and Canyon Counties.

Rural Health:

- **Idaho Area Health Education Center (AHEC)** – Promotes careers in health care in underserved areas of Idaho by participating in health related conferences, providing training and learning opportunities for health care professionals and students, and maintaining a website with health care professional training, education, and employment opportunities. AHEC is a member of a partnership between the University of Washington, School of Medicine Area Health Education Center Program and the states of Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) to provide access to publicly supported medical education.
- **Rural Hospital Performance Improvement Project (RHPI)** – Improves the financial, operational, and clinical performance of rural hospitals in an 8-state region of the Mississippi Delta. RHPI is funded through the USDHHS Health Resources and Services Administration and works in collaboration with the Delta state's rural communities and state rural health care organizations. During the past project period, 123 hospitals have received onsite technical assistance services in financial and operational assessments and process improvements, customer service, leadership development and mid-level management training, community engagement, revenue cycle, coding and cost reporting training, strategic planning, and other quality and process improvement assistance.
- **Idaho Partnership for Hispanic Health** – Funded through the National Institutes of Health (NIH), this study is working with rural southwest Idaho Hispanic communities to reduce the risk and prevalence of metabolic syndrome using a promotore-centered intervention in Weiser and Mountain Home, Idaho. The five-year intervention phase of this grant, which began July 1, 2008, includes education, screening and support services via group classes and in-home visits to participants to improve eating habits and increase physical activity. The *Companeros en Salud* program has served 261 individuals in Weiser and 81 individuals in Mountain Home. Project partners include the Marshfield Clinic Research Foundation, Weiser Memorial Hospital, Elmore Medical Center, and the Idaho Commission on Hispanic Affairs.

Healthy Aging:

- **Foster Grandparents of Treasure Valley (FGP)** – A federally funded intergenerational mentorship program through the Corporation for National and Community Service (CNCS), with a minimum of 10 percent direct community support. FGP is funded for up to 67 limited income seniors who are placed into volunteer positions at non-profit educational centers for children who need extra attention,



nurturing, or help with academics. During this fiscal year, FGP provided 67,556 volunteer hours to children in the schools, libraries, head start/early head start centers, boy and girls clubs, and other educational nonprofit locations.

- **Retired and Senior Volunteer Program (RSVP)** – Serves ten counties in southwestern Idaho providing persons 55 years and older opportunities to address critical community needs and enhance their lives through volunteer service. Primarily supported with federal funds through CNCS, RSVP obtains approximately 30 percent of its funding from a variety of community sources. During this fiscal year, 1,189 RSVP volunteers provided 175,937 volunteer hours to their service communities.
- **Senior Companion Program (SCP)** – Effective January 1, 2010, CNCS granted MSG a nonfederal Senior Companion Program grant, allowing the federal benefits and opportunities of an SCP program while using other funding sources to operate. CNCS later provided federal funding to support SCP, which partners low-income senior volunteers with homebound elderly people in frail physical and/or mental health, most of whom live alone, for friendly visits, respite, and reduction of isolation.
- **Services to Elderly Refugees** – Funded through ORR, this program links refugees 60 years and older to mainstream senior services and promotes development of capacity within local aging networks to meet the cultural and linguistic needs of older refugees, including supporting two refugees in the Senior Companion Program.
- **Friends in Action (FIA)** – On March 1, 2010, Friends in Action, Inc. contributed its net assets to MSG and became a program of MSG, dissolving its separate Idaho Corporation. FIA is a collaborative program dedicated to sustaining quality of life, dignity, and independence for older persons and their families through education and volunteerism. FIA offers programs such as Powerful Tool for Caregivers, a class for family caregivers, and Living Well in Idaho, and coordinates a volunteer-based organization that provides compassionate, friend-to-friend assistance to frail elders and their families providing both a safety net to older persons living alone and without help and relief to families who are weary from the demands of care giving.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Reclassifications

Certain reclassifications, none of which affected the results of activities and changes in net assets, have been made to present the financial statements on a consistent basis.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments including daily maturing commercial paper. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturities. Cash and cash equivalents reconciled with the Statements of Cash Flows as of June 30 is as follows:

	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$783,684	\$487,523
Cash Held for Fiduciaries (see Due to Fiduciaries below)	<u>188,090</u>	<u>228,097</u>
Cash and Cash Equivalents per Statement of Cash Flows	<u>\$971,774</u>	<u>\$715,620</u>

MSG had a non-interest bearing bank account at a single financial institution with a balance at June 30, 2011 of \$331,855, of which \$81,855 exceeds the \$250,000 FDIC insured limit.

Property and Equipment

Acquisitions of property, equipment, and building improvements in excess of \$5,000 are capitalized. Property and equipment are carried at cost or at approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 5 years for equipment, 30 years for buildings, and 5 to 10 years for building improvements. Routine building and equipment maintenance is expensed as incurred. When property or equipment is retired or otherwise disposed of, the net book value is removed and the net gain or loss is included in determination of the change in net assets. Funding services may have a reversionary interest in certain equipment as well as the determination of use of any proceeds from sale of these assets (see Temporarily Restricted Net Assets note for additional information).

Depreciation expense was \$63,089 and \$51,509 for the years ended June 30, 2011 and 2010, respectively.

Due to Fiduciaries

MSG acts as fiduciary or trustee holding cash and cash equivalents in separate bank accounts on behalf of clients. These services include:

- Organizational representative payee for the Social Security Administration for mental health services clients to help ensure a more stable living environment by directing social security benefits towards basic needs of the beneficiary.
- Trustee and financial advisor, receiving, investing and expending funds for the benefit of designated Armed Forces veterans in accordance with sponsoring agency.
- Administrator for a parallel savings account for the federally-funded Refugee Savings Program, which provides for a 1 to 1 match of federal dollars for participating refugees.

Grants, Contracts, Revenues and Receivables

Support received under grants and contracts is treated as an exchange transaction. Exchange transactions are reciprocal transfers in which each party receives and sacrifices something of approximately equal value. For grants and contracts, revenue is recognized to



the extent of related costs incurred. Grants and contracts receivable are all due in less than one year.

MSG provides credit in the normal course of business to its customers and performs ongoing credit evaluations of those customers. It considers the need for allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends and other information. Except for the loan losses and allowance specific to the Microenterprise Loans, described below, MSG has experienced no credit losses on grants and contracts during 2011 or 2010 and the allowance for doubtful accounts for grants and contracts receivable is zero as of June 30, 2011 and 2010.

Microenterprise Lending Transactions

Under grants from ORR, the Northwest Area Foundation, the Idaho Women's Charitable Foundation, and a variety of financial institutions, META issues microenterprise loans to generally underserved populations interested in starting or expanding a small business or green business. These populations, generally due to lack of, or poor, credit history, have difficulty obtaining traditional financing. META bridges the gap for these individuals to start or expand businesses, develop a credit history, and, for refugees, continue to learn about business practices in the United States. Individual loans range from \$500 to a maximum of \$15,000 for terms ranging from six months to three years. MSG has the intent and ability to hold and administer these loans for the foreseeable future. Loans are stated at the unpaid principal balances.

Interest on loans, generally charged at 3 percent over the prime rate, is recognized as interest income over the term of the loan, calculated using the simple-interest method on principal amounts outstanding. Upon maturity or default, all sums due bear interest at 18% per annum until paid in full or as long as the default continues. Defaults are determined on a case-by-case basis considering excessive missed payments or failure to meet other loan obligations, as defined in each borrower's loan agreements. Loans are written off on a case-by-case basis, when all other means of collection over time have not resulted in payments and it is unlikely that any subsequent payments will be made. A small program participant / loan fee is collected and recognized as fee income in the period received.

Management determines the need for collateral on a case-by-case basis, depending on the loan amount, borrower's business history, and personal references. Approximately 91 and 93 percent of the Microenterprise Loan receivable balance, at June 30, 2011 and 2010, respectively, is collateralized by borrowers' business related vehicles and equipment. To determine the collateralized balance, MSG uses the lower of the ending loan receivable balance at June 30 or the fair value of the collateral. Fair value of collateral is based on Kelly Blue Book for vehicles or purchase price of applicable business assets. MSG files a lien on the vehicle's title and holds the title until the loan is paid in full or files a UCC1 lien with the State of Idaho for business equipment.



The need for an allowance for loan loss is evaluated on a regular basis by management considering the collectibility of loans in light of historical collection experience, estimated value of underlying collateral, circumstances of payment delays or shortfalls, and any adverse situations that may affect the borrowers' ability to repay. Based on these factors, management concluded a 10 percent allowance was the best estimate of outstanding loans potentially unrecoverable, based on considerations including the portion of loan balances not fully covered by collateral, the loans in default status at June 30th, and the payment histories of existing borrowers. Any subsequent recovery will offset the allowance.

At June 30, 2011 and 2010, the loan receivable balances that were past due 90 days or more were \$3,066 and \$2,613, respectively.

The Microenterprise Loan Receivable balance for the years ending June 30, are as follows:

	<u>2011</u>	<u>2010</u>
Microenterprise Loan Receivables, current	\$ 47,343	\$ 50,317
Less: Allowance for Doubtful Accounts	(9,869)	(9,915)
Net Microenterprise Loan Receivable, current	<u>37,474</u>	<u>40,402</u>
Microenterprise Loan Receivables, long term	51,346	25,950
Total: Microenterprise Loan Receivables	<u>\$ 88,820</u>	<u>\$ 66,352</u>

Advertising and Public Relation Costs:

Public relation and non-direct response advertising costs are expensed as incurred. MSG does not participate in direct-response advertising.

Income Taxes:

MSG is exempt from any federal or state income tax under Internal Revenue Code Section 501(c)(3).

MSG follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740, *Income Taxes*. As of June 30, 2011 and 2010, the unrecognized tax benefit accrual was zero.

MSG will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. MSG is no longer subject to Federal and state tax examinations by tax authorities for years before 2008.

Subsequent Events:

MSG has evaluated subsequent events through October 17, 2011, the date which financial statements were available to be issued.

Note 3. IN-KIND CONTRIBUTIONS AND CONTRIBUTED SERVICES

In-kind contributions received are measured at fair value and recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. In-kind contributions are classified in the statement of net assets based on the nature of items received. Programs recognized in-kind contributions for items supporting each program's services for the years ending June 30, as follows:

	<u>2011</u>	<u>2010</u>
• Friends in Action – supplies, auction items	\$ 39,256	\$28,869
• Foster Grandparents – supplies, rent, physicals	29,756	16,750
• Early Head Start – supplies, rent, services	25,270	28,030
• META – supplies, rent, services, auction items	15,029	-
• RSVP – supplies, rent, recognition, travel	14,182	26,052
• ANA – goods, services, auction items	9,224	12,593
• PATH – supplies, services	5,274	-
• Global Gardens – supplies	4,076	617
• Senior Companion Program - physicals	1,632	350
• English Language Center – rent, services	400	3,300
Total In-Kind Contributions	\$144,099	\$116,561

In the regular course of business, MSG acts as an agent for and on behalf of donors by accepting assets and transferring those assets to the specified beneficiary. These assets generally consist of food and consumables, used household items, furniture and vehicles intended directly for refugee clients and meals, supplies, or recognition items that are provided directly to RSVP, FGP, or SCP volunteers while they are volunteering at schools or other nonprofit community organizations. When acting as an agent, MSG does not record these items as contributions in the statement of activities and changes in net assets or as an asset or liability in the statement of financial position, in accordance with FASB Accounting Standards Codification 958, *Not-for-Profit Entities*.

MSG receives donated services from a variety of unpaid volunteers assisting programs or providing volunteer services in the community. No amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer effort under FASB Accounting Standards Codification 958, *Not-for-Profit Entities*, have not been satisfied. The estimated fair value of services provided for the years ending June 30, by unpaid volunteers for MSG programs are as follows:

<u>Unpaid Volunteers for Programs:</u>	<u>2011</u>	<u>2010</u>
• Retired Senior Volunteer Program	\$ 3,758,013	\$ 4,930,128
• Mountain States Early Head Start	\$ 496,334	\$ 445,277
• Friends in Action	\$ 172,183	\$ 36,128
• Global Gardens	\$ 42,991	\$ -
• Agency for New Americans	\$ 39,794	\$ 41,818
• English Language Center	\$ 11,107	\$ 18,056
• META	\$ 7,601	\$ -



Note 4. MORTGAGE PAYABLE

On May 1, 2009, MSG refinanced its mortgage secured by a deed of trust on the property located at 1607 W. Jefferson Street, Boise, Idaho. This property, with related building improvements, has a carrying value of \$612,509 at June 30, 2011. The mortgage is amortized over 180 months. Principal and interest is payable in monthly installments of \$3,960, due by the 10th of each month. Interest on the unpaid balance is compounded at 5.03 percent. On May 10, 2012, and on May 10th every three years thereafter, the interest rate will be adjusted by 2.05% plus the bank's borrowing rate and other market adjustments.

The periodic payments of principal and interest shall also be adjusted to fully amortize the remaining principal balance at the new applicable interest rate over the remaining amortization period. Payment in full is due on the maturity date of May 10, 2019. Maturities are as follows:

2012	\$ 25,151
2013	26,525
2014	27,910
2015	29,367
2016	30,855
Thereafter	<u>308,924</u>
Total	<u>\$448,732</u>

MSG incurred a loan fee of \$4,003 to secure this mortgage, which was expensed when incurred.

Note 5. LINE OF CREDIT

On February 15, 2011, MSG renewed a \$500,000 revolving line of credit with US Bank secured by the property located at 1607 W. Jefferson St, Boise, Idaho. The facility bears interest at an annual rate of prime plus 0.25 percent, but no less than 4 percent. At June 30, 2011, the interest rate was 4 percent. The facility requires a current ratio of 1 to 1 and a fixed charge coverage ratio of at least 1.15 to 1. At June 30, 2011, MSG was in compliance with the covenants. Interest is payable monthly, with the final interest payment due and payable on February 15, 2012. The line of credit balance is zero at both June 30, 2011 and 2010.

Note 6. OPERATING LEASE ARRANGEMENTS

MSG leases, under operating leases, buildings and office equipment located in Boise, Caldwell, Coeur d'Alene, Mountain Home, Sandpoint, and Weiser, Idaho. The building lease terms for MSEHS centers are \$1 per year for 25 years ending February 10, 2023 for Coeur d'Alene and \$4,313 per month for 20 years ending August 17, 2018 for Sandpoint. The Coeur d'Alene lease automatically renews for another 25 years as long as MSG receives MSEHS funding. The Sandpoint lease payment was adjusted January 2008 and at 5 year intervals thereafter. The maximum amount of adjustment is equal to the percentage change in the Consumer Price Index.



The building leases for the Idaho Partnership for Hispanic Health project in Weiser extends through March 31, 2012 for \$460 per month and in Mountain Home for \$583 per month through May 3, 2012. Both of these leases are negotiated and renewed annually, dependent upon continued funding for this program.

The building lease term for the English Language Center in Boise is monthly base rent of \$2,805 plus triple net and utilities. This lease expires September 30, 2011, but contains an annual renewal option which MSG intends to exercise.

The month-to-month building lease for META in Caldwell was entered into November 2010 at \$400 per month, with renegotiation in October 2011.

Equipment under operating leases include five copy machines and a postage meter in Boise and two copy machines and a postage meter in Coeur d'Alene and Sandpoint, Idaho. Minimum lease payments under operating leases for buildings and equipment are as follows:

<u>Year ending June 30,</u>	<u>Operating Lease:</u>
2012	\$ 99,987
2013	73,939
2014	56,933
2015	52,918
2016	51,758
Thereafter	<u>112,147</u>
Total minimum lease payments	<u>\$447,682</u>

Rent expense for buildings, equipment, and the allocation of rent expense to programs for the MSG-owned building for the year ended June 30, 2011 and 2010 was \$305,225 and \$279,932, respectively.

Note 7. TEMPORARILY RESTRICTED REVENUE AND NET ASSETS

On November 1, 2009, MSEHS received an ARRA Expansion grant to serve 40 additional children in northern Idaho. This award includes the provision for a new building in Rathdrum, Idaho. In April, 2010, land was purchased for \$70,240 and the building was completed with a certificate of occupancy obtained on February 8, 2011, resulting in temporarily restricted net assets of \$400,979 and \$82,476 as of June 30, 2011 and 2010, respectively. According to federal regulation 45 CFR 1309.21, the federal government maintains an interest in all real property acquired with grant funds; therefore the cost of the land and building will be reflected as temporarily restricted net assets. The building will be depreciated in accordance with MSG policy and temporarily restricted revenue will be released accordingly.

Note 8. PENSION PLAN

MSG's defined contribution 403(b) plan covers substantially all employees after one year of employment. MSG matches employee contributions two-to-one up to 5 percent of salary deferral for eligible employees. Employer contributions to the plan during the years ending June 30, 2011 and 2010 were \$258,619 and \$259,090, respectively. Employees are



immediately vested in employer contributions.

All employees, at their discretion, may participate in MSG's tax-deferred annuity 403(b) plan that allows for elective contributions per IRS Code Section 415. MSG does not match employee contributions in this plan.

Note 9. CONCENTRATION OF REVENUE

MSG had concentrations of revenue from certain agencies, including direct and pass-through grants and contracts and fee-for-services, for the years ending June 30, as follows:

<u>Source:</u>	<u>2011</u> (in millions)	<u>2010</u> (in millions)
U.S. Department of Health & Human Services	\$9.04	\$8.75
U.S. Department of Agriculture	\$1.84	\$1.74

Note 10. CLAIMS AND LITIGATION

MSG has been named in a number of pending complaints from individuals and outside organizations. Management believes it has meritorious defense and intends to vigorously contest such claims. While the final outcome cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material adverse effect on the Organization's financial position.

Note 11. CONTINGENCIES

A portion of MSG revenue is from government grants and contracts, which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.



Mountain States Group Inc.
"international community resource development"

SUPPLEMENTAL FINANCIAL INFORMATION
June 30, 2011

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with Government Auditing
Standards**

To the Board of Directors
Mountain States Group, Inc.
Boise, Idaho

We have audited the financial statements of Mountain States Group, Inc., a nonprofit organization (the Organization) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated October 17, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Mountain States Group, Inc.'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 Mountain States Group, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

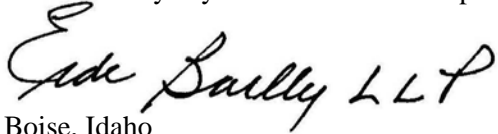
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountain States Group, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and date.

Boise, Idaho
October 17, 2011

Independent Auditor's Report on Compliance with Requirements that Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
Mountain States Group, Inc.
Boise, Idaho

Compliance

We have audited Mountain States Group, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Mountain States Group, Inc.'s major federal programs for the year ended June 30, 2011. Mountain States Group, Inc.'s major federal programs are identified in the summary of auditors' 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 Mountain States Group, Inc.'s management. Our responsibility is to express an opinion on Mountain States Group, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mountain States Group, Inc.'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 Mountain States Group, Inc.'s compliance with those requirements.

In our opinion, Mountain States Group, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Mountain States Group, Inc. 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 Mountain States Group, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mountain States Group, Inc.'s internal control over compliance.

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

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

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho

October 17, 2011



MOUNTAIN STATES GROUP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant/Award or Pass Through Agency Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Direct Programs:			
Wilson Fish Cooperative Agreement	93.583	90RW0031/01	\$ 1,781,303
Delta States Rural Hospital Performance Improvement	N/A	HSH250200736006C	1,465,884
Early Head Start	93.600	10CH0178/03	1,431,377
Early Head Start - ARRA Expansion	93.709	10SA0178/02	807,930
Refugee Social Services	93.566	G-09WFID0120, G-10	649,677
National Center on Minority Health and Health Disparities, Community-Based Participatory Research	93.307	5-R24 MD001711/06, 07	472,352
Refugee Targeted Assistance	93.584	G-09A1IDRRTA and G-10	358,616
Refugee School Impact	93.576	90ZE0137/01	299,451
Refugee Microenterprise Development	93.576	90RG0083/01, /02	202,244
Refugee Unanticipated Arrivals Supplemental Grant	93.576	90RU0163/01	194,010
Refugee Targeted Assistance - Discretionary	93.576	90RT0123/05	191,349
Refugee Individual Development Account Savings Program	93.576	90ZI0068/03, /04	158,474
Idaho Partnership for Hispanic Mental Health - ARRA	93.701	5R21MH085792-02	154,467
Children's Health Insurance Program Reauthorization Act Outreach and Enrollment	93.767	1Z0CMS030519	143,311
Services to Older Refugees	93.576	90RL0137/03, 04	134,223
Refugee Agricultural Partnership Program	93.576	90ZR0014/01	75,457
Healthy Tomorrows for Children	93.110	H17MC06710/05	36,978
Early Head Start - ARRA 2009 COLA/Quality Improvement	93.708	10SE0178/01	23,860
Pass Through Programs Through:			
Univ of Washington - Idaho Area Health Education Center	93.824	670081 & 707103	76,757
State of Idaho - Refugee TANF Case Management	93.558	WC066300	75,147
Episcopal Migration Ministries (EMM) - Match Grant	93.567	90RV0053/03	73,104
State of Idaho - Projects for Assistance to Transition from Homelessness	93.150	BC007400	72,876
EMM - Medical Case Management Preferred Communities	93.576	90RP0062/02	68,065
Idaho Head Start Association - TANF	93.558	12-201107	65,237
State of Idaho - Living Well in Idaho	93.725	N/A	29,017
Kansas Department of Health and Environment - Medicare Rural Flexibility Program	93.241	N/A	2,701
EMM - Emergency Medical Assistance	93.576	90ZC0022	625
Total Department of Health and Human Services			<u>9,044,492</u>



MOUNTAIN STATES GROUP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 Year Ended June 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant/Award or Pass Through Agency Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
Direct Programs:			
Beginning Farmers and Ranchers Development Program	10.311	2010-49400-21726	78,342
Pass Through Programs Through:			
Idaho Dept of Education - Child and Adult Care Food Program	10.558	4864	1,765,106
Total U.S. Department of Agriculture			1,843,448
<u>Corporation for National Service:</u>			
Direct Programs:			
Foster Grandparents	94.011	09SFPID002	294,630
Retired Senior Volunteer Program	94.002	09SRPID003	142,319
Senior Companion Program	94.016	10SCPID001	17,318
Total Corporation for National Service			454,267
<u>Department of State:</u>			
Pass Through Programs Through:			
EMM - Cooperative Agreement (R&P #2)	19.510	SPRMCO 11 CA012	249,196
<u>Small Business Administration</u>			
Direct Programs:			
PRIME	59.050	SBAHQ-10-Y-0040	67,403
<u>Department of Homeland Security</u>			
Direct Programs:			
Citizenship and Integration Direct Services Grant Program	97.010	2010-CS-010-000008	64,098
<u>Housing and Urban Development:</u>			
Pass Through Programs Through:			
City of Boise - Community Development Block Grant	14.218	R-235-11	10,000
Total Federal Assistance			\$ 11,732,904



Notes to the Schedule of Expenditures of Federal Awards Year ended June 30, 2011

Note A. SIGNIFICANT ACCOUNTING POLICIES

All federal program receipts of Mountain States Group, Inc. (MSG) are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit. The Single Audit was performed in accordance with the provisions of the OMB Circular A-133 Compliance Supplement. Compliance testing requirements, as described in the Compliance Supplement, were performed for MSG's major federal programs for the year ended June 30, 2011.

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

Note B. MAJOR PROGRAMS

The following programs have been identified as major programs for the year ended June 30, 2011:

CFDA Number:

10.558

- Child and Adult Care Food Program – Nutrition Works

19.510

- Refugee Reception and Placement Cooperative Agreement

93.583

- Wilson Fish Demonstration Cooperative Agreement

93.584

- Refugee Targeted Assistance

93.600, 93.708 and 93.709

- Early Head Start Program

MOUNTAIN STATES GROUP, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified No
 Significant deficiencies None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified No
 Significant deficiencies None reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) No

Identification of major programs:

<u>CFDA number</u>	<u>Name of Federal Program</u>
10.588	Child and Adult Care Food Program – Nutrition Works
19.510	Refugee Reception and Placement Cooperative Agreement
93.583	Wilson Fish Demonstration Cooperative Agreement
93.584	Refugee Targeted Assistance
93.600, 93.708 and 93.709	Early Head Start Program

Dollar threshold used to distinguish between Type A and Type B programs \$351,987

Auditee qualified as low-risk auditee Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None