

June 9, 2011

Board of Directors
UNAVCO, Inc.
Boulder, Colorado

This letter is to provide you with information about significant matters related to our audit of the financial statements of UNAVCO, Inc. for the year ended December 31, 2010. It is intended solely for the Board of Directors and management and should not be used by anyone other than these specified parties.

The following are our observations arising from the audit that are relevant to your responsibilities in overseeing the financial reporting process.

Auditor's Responsibilities under Generally Accepted Auditing Standards. Our audit was performed for the purpose of forming and expressing an opinion about whether the financial statements, that have been prepared by management with your oversight, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your responsibilities.

Significant Issues Discussed with Management Prior to Retention. We discuss various matters with management prior to retention as UNAVCO's auditors. These discussions occur in the normal course of our professional relationship. There were no significant issues, including the application of accounting principles and auditing standards, which were discussed with management prior to our retention as auditors.

Consultations with Other Accountants. We were informed by management that they made no consultations with other accountants on the application of generally accepted accounting principles and generally accepted auditing standards.

Qualitative Aspects of Accounting Practices.

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by UNAVCO, Inc. are described in Note 1 to the financial statements.

There were no significant accounting policies or their application which were either initially selected or changed during the year.

There were no controversial/emerging areas for which there is a lack of authoritative guidance.

There were no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates of financial data which would be particularly sensitive and require substantial judgments by management.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

Difficulties Encountered in Performing Our Audit. We encountered no significant difficulties in dealing with management related to the performance of our audit.

Corrected Misstatements. The attached Exhibit A summarizes corrected misstatements, other than those that are trivial, that were brought to the attention of management as a result of audit procedures. Management has corrected all such misstatements.

Uncorrected Misstatements. The attached Exhibit B summarizes uncorrected misstatements, other than those that are trivial, aggregated by us during our current audit and pertaining to the most recent period presented in the financial statements. Management has determined that these uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations from Management. We have requested the representations from management that are shown in the attached Exhibit C.

Disagreements with Management. There were no disagreements with management on financial accounting and reporting matters, auditing procedures, or other matters which would be significant to UNAVCO's financial statements or our report on those financial statements.

Please contact Paul Niedermuller if you have any questions regarding the matters included in this letter.

Clifton Gunderson LLP

EXHIBIT A - CORRECTED MISSTATEMENTS
UNAVCO, INC.
Year Ended December 31, 2010

To correct classification of prepaid rent amounts.

14000-000-0	Prepaid Expenses	\$ 45,957	
20000-000-0	Accounts Payable - Trade		\$ 45,957
Total		<u>45,957</u>	<u>45,957</u>

To record liability as a result of invoices not properly accrued at year-end.

11000-030-D	Grants Receivable	1,173	
11000-030-D	Grants Receivable	88,537	
11000-040-D	Grants Receivable	8,428	
11300-040-D	Grants Receivable-PMS	15,439	
11300-040-D	Grants Receivable-PMS	20,258	
45000-030-D	Materials and Supplies	29,866	
45255-030-D	Communications-Non Building	15,587	
45255-080-D	Communications-Non Building	1,173	
45300-030-D	Subawards	13,071	
45300-030-D	Subawards	23,525	
45300-040-D	Subawards	15,439	
45300-040-D	Subawards	20,258	
46240-010-I	Software	14,917	
21000-000-0	Accrued Expenses Payable		133,836
30000-030-D	Grant Revenue		1,173
30000-030-D	Grant Revenue		88,537
30000-040-D	Grant Revenue		8,428
30010-040-D	Grant Revenue-PMS		15,439
30010-040-D	Grant Revenue-PMS		20,258
Total		<u>267,671</u>	<u>267,671</u>

To reduce capital leases liability for payments made in 2010 and to reclassify capital leases currently recorded within other accruals.

27900-000-0	Accrued Liabilities	22,166	
24200-000-0	Capital Lease Obligations		8,436
46270-030-D	Vehicle Leasing		13,730
Total		<u>22,166</u>	<u>22,166</u>

To record additional batch of unrecorded accounts payable transactions.

11000-030-D	Grants Receivable	26,443	
11000-040-D	Grants Receivable	27,043	
11300-040-D	Grants Receivable-PMS	10,341	
45300-030-D	Subawards	45,086	
45300-060-D	Subawards	10,340	
46020-020-D	Electrical/Gas	8,098	
46110-030-D	Internet	8,400	
21000-000-0	Accrued Expenses Payable		71,924
30000-030-D	Grant Revenue		26,443
30000-040-D	Grant Revenue		27,043
30010-040-D	Grant Revenue-PMS		10,341
Total		<u>135,751</u>	<u>135,751</u>

To reclassify grant revenues out of fees for service

31190-400-D	Other Revenue	172,395	
30000-010-D	Grant Revenue		172,395
Total		<u>172,395</u>	<u>172,395</u>

EXHIBIT B - PASSED ADJUSTMENT SUMMARY
UNAVCO, INC.
Year Ended December 31, 2010

Description	Effect of Misstatements			Change in Net Assets
	Assets	Liabilities	Net Assets	
To adjust for 2009 expense recorded in 2010.	\$ -	\$ -	\$ (87,068)	\$ 87,068
To adjust for 2009 grant revenue recorded in 2010.	-	-	87,068	(87,068)
To estimate unrecorded liabilities in untested disbursement population.	-	(50,418)	50,418	50,418
To estimate unrecorded revenue to offset estimated unrecorded liabilities.	50,418		(50,418)	(50,418)
To adjust for employees with PTO over the accrual limit.	-	14,353	(14,353)	(14,353)
Net current year misstatements	50,418	(36,065)	(14,353)	(14,353)
Net prior year misstatements	-	-	-	-
Total misstatements	\$ 50,418	\$ (36,065)	\$ (14,353)	\$ (14,353)

Note: The above amounts are listed as either debits or (credits).

EXHIBIT C – AUDIT REPRESENTATION LETTER

June 9, 2011

Clifton Gunderson LLP
Interlocken Business Park
370 Interlocken Blvd.
Suite 500, Broomfield, CO. 80021

We are providing this letter in connection with your audit of the statements of financial position of UNAVCO, Inc. as of December 31, 2010, and of its statements of activities and cash flows for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position, results of operations, and cash flows of UNAVCO, Inc. in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with accounting principles generally accepted in the United States of America. Although Clifton Gunderson may have made suggestions as to the form and content of the financial statements or even prepared them in whole or in part, we acknowledge our responsibility for the review and approval of the financial statement amounts and disclosures, and understand the financial statements remain the representations of our management.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 9, 2011, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. The financial statements include all properly classified net assets under the Organization's control.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of directors or committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Audit or monitoring reports, received from funding sources.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements except for instances of noncompliance with grant contract provisions, laws, and regulations included in the Schedule of Findings and Questioned Costs and your report on compliance with laws and regulations related to federal award programs.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We have reviewed and approved all adjustments and corrections made to the financial statements and acknowledge that the adjustments are complete and accurate.
6. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying Exhibit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
7. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
8. We have no knowledge of any fraud or suspected fraud, except as has been made known to you, affecting the entity involving
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements
9. We have no knowledge of any allegations of fraud or suspected fraud, except as has been made known to you, affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.
10. We have maintained an adequate system of internal control over the receipt and recording of contributions during the year.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities or net assets in the financial statements.
12. The following have been properly recorded or disclosed in the financial statements:
 - a. Estimates that might be subject to material change within one year from the date of the financial statements. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements.

- c. Concentrations existing at the date of the financial statements that make the Organization vulnerable to risk of severe impact within one year from the date of the financial statements. We understand that concentrations include individual or group concentrations of customers, suppliers, lenders, products, services, sources of labor or materials, licenses or other rights, or operation areas or markets.
13. There are no:
 - a. Violations or possible violations of laws or regulations (including those pertaining to federal, state or local environmental laws and regulations) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, except for instances of noncompliance with grant contract provisions, laws, and regulations included in the Schedule of Findings and Questioned Costs and your report on compliance with laws and regulations related to federal award programs.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, *Contingencies*.
 - c. Transfers, reclassifications, or designations of net assets or interfund borrowings that were not properly authorized and approved, or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.
14. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB ASC 450.
15. We are an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities that would jeopardize the Organization's tax-exempt status of which we are aware, and all activities subject to tax on unrelated business income or excise or other tax have been disclosed to you. All required filings with tax authorities are up to date.
16. With respect to federal award programs:
 - a. We are responsible for complying, and have complied, with the requirements of Circular A-133.
 - b. We have prepared the schedule of expenditures of federal awards in accordance with Circular A-133 and have included all expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs.

- d. We are responsible for establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.
- e. We have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each federal program.
- f. We have made available all contracts and grant agreements related to federal programs (including amendments, if any) and any related correspondence that has taken place with federal agencies or pass-through entities.
- g. We have complied, in all material respects, with the compliance requirements in connection with federal awards except as we have disclosed to you.
- h. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews.
- i. Our interpretations of any compliance requirements that have varying interpretations have been provided to you.
- j. We have made available all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- k. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with that presented in the schedule of expenditures of federal awards.
- l. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
- m. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A-133.
- n. We have issued management decisions on a timely basis after the receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements, and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.
- o. We have considered the results of subrecipient audits and have made any necessary adjustments to our own books and records.

- p. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Circular A-133.
 - q. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - r. We are responsible for taking corrective action on audit findings of the compliance audit.
 - s. We have accurately completed the appropriate sections of the data collection form.
 - t. We have disclosed all contracts or other agreements with the service organizations.
 - u. We have disclosed all communications from the service organization relating to noncompliance at the service organization.
 - v. We have disclosed any known noncompliance occurring subsequent to the period for which compliance is audited.
 - w. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to reportable conditions (including material weaknesses), have occurred subsequent to the date as of which compliance is audited.
17. We are responsible for UNAVCO, Inc.'s compliance with grant provisions, laws and regulations applicable to it; and we have identified, and disclosed to you, all grant provisions, laws and regulations that have a direct and material effect on the determination of financial statement amounts. We have complied with all aspects of grant provisions, laws, regulations, and contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
18. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged.
19. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
20. We have reviewed long-lived assets to be held and used for impairment if events or changes in circumstances have indicated that the carrying amount of assets might not be recoverable and, if necessary, have appropriately recorded the adjustment.
21. We have complied with all restrictions on resources and all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

22. We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
23. We believe reasonable bases were used in allocating expenses in the statement of functional expenses.
24. No events have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.