

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.  
ALAMOSA, COLORADO**

**FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**

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**June 30, 2021 and 2020**

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## INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Directors  
Blue Peaks Developmental Services, Inc.  
Alamosa, Colorado

We have audited the accompanying financial statements of Blue Peaks Developmental Services, Inc. (the Center), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, revenues and functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Peaks Developmental Services, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

November 4, 2021

**Certified Public Accountants**

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**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**

**FINANCIAL STATEMENTS**

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,766,060	\$ 1,726,855
Short-term Certificates of Deposit	680,000	612,966
Accounts Receivable		
Fees and Grants from Governmental Agencies	311,485	252,184
Other	8,648	3,951
Prepaid Expenses	16,589	18,696
Total Current Assets	2,782,782	2,614,652
Restricted Cash	44,645	4,341
Land, Building, and Equipment (Net)	666,877	769,312
Total Assets	\$ 3,494,304	\$ 3,388,305
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 142,970	\$ 238,998
Current Portion of Capital Lease Obligation	7,266	6,878
Current Portion of SBA Paycheck Protection Program Loan	-	273,186
Total Current Liabilities	150,236	519,062
Long-term Capital Lease Obligation, Net of Current Portion	14,489	21,755
SBA Paycheck Protection Program Loan, Net of Current Portion	-	347,964
Total Liabilities	164,725	888,781
Net Assets		
Without Donor Restrictions		
Net Investment in Land, Building, and Equipment	645,122	740,679
Undesignated	2,684,457	1,758,845
Total Net Assets Without Donor Restrictions	3,329,579	2,499,524
Total Liabilities and Net Assets	\$ 3,494,304	\$ 3,388,305

The accompanying notes are an integral part of this financial statement.

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.****STATEMENTS OF ACTIVITIES****For the Years Ended June 30, 2021 and 2020**

	<b>Without Donor Restrictions</b>	
	<b>2021</b>	<b>2020</b>
Revenues and Support		
Fees for services		
State of Colorado General Fund	\$ 355,196	\$ 289,988
Medicaid	2,849,148	3,281,612
Room and Board	339,561	341,822
Grants and Contributions		
Public Support - Contributions	12,233	10,879
In-kind Contributions	15	15,494
Other	711,821	10,793
Gain/(Loss) on Sale of Fixed Assets	(395)	164,009
Other Revenue	45,769	24,409
	<u>4,313,348</u>	<u>4,139,006</u>
Total Revenues and Support		
Operating Expenses		
Program Services		
Comprehensive	2,369,168	2,780,152
Adult Supported Living	208,146	332,864
Early Intervention	106,756	161,753
Family Support	95,810	56,436
Case Management	161,217	150,450
Non-Specified	97,070	8,274
Total Program Services	<u>3,038,167</u>	<u>3,489,929</u>
Supporting Services		
Management and General	445,126	430,854
Total Expenses	<u>3,483,293</u>	<u>3,920,783</u>
CHANGE IN NET ASSETS	830,055	218,223
Net Assets, Beginning of Year	<u>2,499,524</u>	<u>2,281,301</u>
Net Assets, End of Year	<u>\$ 3,329,579</u>	<u>\$ 2,499,524</u>

The accompanying notes are an integral part of this financial statement.

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**STATEMENT OF REVENUES AND FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2021**  
**with Comparative Totals For the Year Ended June 30, 2020**

	<b>Program Services</b>			
	<b>Medicaid Comprehensive</b>			<b>Adult</b>
	<b>Day Services</b>	<b>Residential</b>	<b>Total</b>	<b>Supported Living</b>
Revenues and Support				
Fees for services				
State of Colorado General Fund	\$ -	\$ 3,274	\$ 3,274	\$ 33,247
Medicaid	520,826	2,020,007	2,540,833	156,215
Room and Board	-	339,561	339,561	-
Grants and Contributions				
Public Support - Contributions	-	-	-	-
In-kind Contributions	-	-	-	-
Other	-	-	-	-
Gain/(Loss) on Sale of Fixed Assets	-	-	-	-
Other Revenue	10,137	-	10,137	-
<b>Total Revenues and Support</b>	<b>\$ 530,963</b>	<b>\$ 2,362,842</b>	<b>\$ 2,893,805</b>	<b>\$ 189,462</b>
Expenses				
Employee Compensation	\$ 313,209	\$ 1,475,268	\$ 1,788,477	\$ 143,229
Consumer Compensation	5,152	-	5,152	17,247
Medical and Professional Services	2,769	26,393	29,162	15,313
Board and Staff Travel and Development	2,341	6,062	8,403	998
Occupancy	22,953	261,225	284,178	9,184
Equipment	1,589	9,100	10,689	859
Client Assistance	4,384	14,846	19,230	2,818
Vehicles	16,469	22,131	38,600	4,931
Supplies	2,300	19,246	21,546	1,878
Other	9,250	48,113	57,363	3,644
<b>Expenses Before Depreciation</b>	<b>380,416</b>	<b>1,882,384</b>	<b>2,262,800</b>	<b>200,101</b>
Depreciation	23,064	83,304	106,368	8,045
<b>Total Expenses</b>	<b>\$ 403,480</b>	<b>\$ 1,965,688</b>	<b>\$ 2,369,168</b>	<b>\$ 208,146</b>

The accompanying notes are an integral part of this financial statement.

					<b>Supporting Services</b>	
<b>Early Intervention</b>	<b>Family Support</b>	<b>Case Management</b>	<b>Non- specified</b>	<b>Management and General</b>	<b>Total 2021</b>	<b>Total 2020</b>
\$ 119,773	\$ 127,629	\$ 67,241	\$ -	\$ 4,032	\$ 355,196	\$ 289,988
13,943	-	137,562	-	595	2,849,148	3,281,612
-	-	-	-	-	339,561	341,822
-	-	-	12,233	-	12,233	10,879
-	-	-	-	15	15	15,494
-	-	-	711,821	-	711,821	10,793
-	-	-	(395)	-	(395)	164,009
-	-	30	35,577	25	45,769	24,409
<u>\$ 133,716</u>	<u>\$ 127,629</u>	<u>\$ 204,833</u>	<u>\$ 759,236</u>	<u>\$ 4,667</u>	<u>\$ 4,313,348</u>	<u>\$ 4,139,006</u>
\$ 71,347	\$ 8,796	\$ 145,643	\$ -	\$ 383,637	\$ 2,541,129	\$ 2,962,023
-	-	-	-	-	22,399	34,113
25,228	12,800	558	-	1,332	84,393	127,655
26	5	249	-	3,785	13,466	22,476
4,127	468	6,551	-	13,634	318,142	361,537
13	2	133	-	9,174	20,870	22,731
724	73,228	-	-	-	96,000	67,829
166	-	496	-	7,912	52,105	69,313
752	79	876	90,543	8,260	123,934	33,693
1,143	191	1,939	6,527	6,012	76,819	83,986
103,526	95,569	156,445	97,070	433,746	3,349,257	3,785,356
3,230	241	4,772	-	11,380	134,036	135,427
<u>\$ 106,756</u>	<u>\$ 95,810</u>	<u>\$ 161,217</u>	<u>\$ 97,070</u>	<u>\$ 445,126</u>	<u>\$ 3,483,293</u>	<u>\$ 3,920,783</u>

The accompanying notes are an integral part of this financial statement.

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 830,055	\$ 218,223
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	134,036	135,427
In-Kind Contributions of Property, Plant, and Equipment	-	(15,344)
(Gain) Loss on Sale of Land, Building, and Equipment	395	(164,009)
Change in Net Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(63,998)	15,400
(Increase) Decrease in Prepaid Expenses and Deposits	2,107	(2,099)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(96,028)	(21,189)
Net Cash Provided (Used) By Operating Activities	<u>806,567</u>	<u>166,409</u>
Cash Flows from Investing Activities		
Purchase of Land, Building, and Equipment	(31,996)	(64,096)
Proceeds from the Sale of Land, Building, and Equipment	-	171,363
Purchase of Certificates of Deposit	(447,034)	(280,000)
Proceeds from Redemption of Certificates of Deposits	380,000	180,000
Net Cash Provided (Used) By Investing Activities	<u>(99,030)</u>	<u>7,267</u>
Cash Flows from Financing Activities		
Capital Lease Proceeds	-	-
SBA Paycheck Protection Program Loan Proceeds	-	621,150
SBA Paycheck Protection Program Loan Payoff Forgiven	(621,150)	-
Capital Lease Payments	(6,878)	(6,511)
Net Cash Provided (Used) By Financing Activities	<u>(628,028)</u>	<u>614,639</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS	79,509	788,315
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	<u>1,731,196</u>	<u>942,881</u>
Cash, Cash Equivalents, and Restricted Cash End of Year	<u>\$ 1,810,705</u>	<u>\$ 1,731,196</u>
Supplemental Data		
Cash Paid for Interest	<u>\$ 1,404</u>	<u>\$ 1,608</u>
Noncash Investing and Financing Activities		
Land, Building, and Equipment Additions from Contributions	<u>\$ -</u>	<u>\$ 15,344</u>
Reconciliation to the Statement of Financial Position		
Cash and Cash Equivalents	\$ 1,766,060	\$ 1,726,855
Restricted Cash	44,645	4,341
	<u>\$ 1,810,705</u>	<u>\$ 1,731,196</u>

The accompanying notes are an integral part of this financial statement.

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This description of Blue Peaks Developmental Services, Inc.'s (the Center) nature of activities and summary of significant accounting policies is presented to assist in understanding the Center's financial statements.

***Summary of Business Activities***

Blue Peaks Developmental Services, Inc., a Colorado nonprofit corporation, was incorporated under the laws of the State of Colorado in 1970 for the purpose of providing a community center board to coordinate programs through interagency cooperation and local agencies to provide services to persons with developmental disabilities in Saguache, Mineral, Alamosa, Costilla, Conejos, and Rio Grande Counties. The Center was incorporated as San Luis Valley Center for the Handicapped, Inc., and in April 1988, changed its name to Blue Peaks Developmental Services, Inc. The Center is operated as a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Center's revenues come primarily from the State of Colorado for services provided.

***Description of Services Provided***

The major program services or supports and functional activities directly provided or purchased by the Center are:

***Program Services or Supports***

Comprehensive (Medicaid) refers to residential services, adult day services or supports and transportation activities as specified in the eligible person's Individualized Plan (IP). Included are a number of different types of residential settings, which provide an array of training, learning, experiential and support activities provided in residential living alternatives designed to meet individual needs. Additionally, adult day services provide opportunities for individuals to experience and actively participate in valued roles in the community. These services and supports enable individuals to access and participate in typical community activities such as work, recreation, and senior citizen activities. Finally, transportation activities refer to "Home to Day Program transportation" services relevant to an individual's work schedule as specified in the IP. For these purposes, "work schedule" is defined broadly to include adult and retirement activities such as education, training, community integration, and employment.

Adult Supporting Living (State and Medicaid) provides individualized living services for persons who are responsible for their own living arrangements in the community.

Children's Extensive Support is a deeming waiver (only the child's income is considered in determining eligibility) intended to provide needed services and supports to eligible children under the age of eighteen years old in order for the children to remain in or return to the family home. Waiver services are targeted to children having extensive support needs, which require constant line-in-sight supervision due to significantly challenging behaviors and/or coexisting medical conditions. Available services include personal assistance, household modification, specialized medical equipment and supplies, professional services, and community connection services.

Early Intervention is for children from birth through age three which offer infants and toddlers and their families services and supports to enhance child development in the areas of cognition, speech, communication, physical, motor, vision, hearing, social-emotional development, and self help skills; parent-child or family interaction; and early identification, screening, and assessment services.

Family Support provides an array of supportive services to the person with a developmental disability and his/her family when the person remains within the family home, thereby preventing or delaying the need for out-of-home placement, which is unwanted by the person or the family.

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

Case Management is the determination of eligibility for services and supports, service and support coordination, and the monitoring of all services and supports delivered pursuant to the IP, and the evaluation of results identified in the IP.

*Supporting Services*

Management and General includes those activities necessary for planning, coordination, and overall direction of the organization, financial administration, general board activities, and other related activities indispensable to the Center's corporate existence.

***Basis of Accounting***

Financial statements of the Center have been prepared on the accrual basis, whereby revenues are recorded when services are performed and expenses are recognized when incurred.

***Use of Estimates***

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, support, and expenses during the reporting period. Actual results could differ from those estimates.

***Subsequent Events***

The Center has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through November 4, 2021, the date on which the financial statements were issued, and did not identify any events or transactions that would have a material impact on the financial statements.

***Cash and Cash Equivalents and Restricted Cash***

For purposes of the statement of cash flows, the Center considers cash to be cash on hand and cash on deposit, subject to immediate withdrawal, and considers cash equivalents to be certificates of deposit with an original maturity date of three months or less. Restricted cash represents monies held for individuals receiving the Center's services. A liability in the amount equal to the restricted cash is recorded in accounts payable and accrued expenses. These monies are required to be held in a separate account by the Social Security Administration.

***Concentrations of Credit Risk***

The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021 and 2020, the Center had \$1,635,333 and \$1,763,572, respectively, in uninsured cash balances.

***Certificates of Deposit***

Short-term certificates of deposit consist of six individual certificates with interest rates between 0.25% and 2.0% and maturity dates between July 2021 and June 2022. Certificates of deposit are carried at original acquisition cost and accrued interest is recorded in other accounts receivable.

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

***Accounts Receivable***

The majority of the Center's accounts receivable are due from the State of Colorado. Accounts receivable are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. The Center believes all receivables are collectible and that no allowance for doubtful accounts is necessary.

The Center writes off accounts receivable to bad debt expense after reasonable collection efforts have been made. Payments subsequently received on such receivables, if any, are recorded as other revenue.

***Land, Building, and Equipment***

Land, building, and equipment are reported at cost for purchased assets and estimated value, at date of receipt, for donated property. Any asset purchased for more than \$1,500 that has a life expectancy of more than two years is capitalized. Depreciation is provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	3-40
Equipment	3-10
Vehicles	3-5

***Compensated Absences***

Employees of the Center are entitled to paid vacation depending on the length of service and other factors. Accrued vacation has been accrued in the amount of \$20,966 and \$33,383 at June 30, 2021 and 2020 respectively.

***Accounting for Contributions***

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 are restricted by the donor for specific purposes are reported as with donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as with donor restrictions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are reported as without donor restricted revenues rather than with donor restricted revenue. The Center had no net assets with donor restrictions for the years ended June 30, 2021 and 2020.

***In-Kind Contributions***

Contributions of property, materials, and personal services are reported as in-kind contributions and are recorded at estimated fair value at the date of receipt. The amount recorded for these contributions (other than contributions of land, building, and equipment) is also included as program costs to properly reflect the total cost of the particular program.

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

***Revenue Recognition***

The Organization adopted ASU 2014-09, along with all subsequent related ASUs impacting revenue from contracts with customers, effective July 1, 2020 using the modified retrospective method of adoption. The Organization has applied the new revenue recognition standard for the year ended June 30, 2021. There was no cumulative effect of initially applying the new accounting standard to all contracts recognized on July 1, 2020. The Organization meets performance obligations and records revenue for contracts as earned based on service dates. Services are typically contracted based on fixed fees for various types of services and dates of services.

***Income Taxes***

The Center is operated as a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Center recognizes tax liabilities when, despite the Center's belief that its tax return positions are supportable, the Center believes that certain positions may not be fully sustained upon review by the tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The Center has concluded there is no tax liability or benefit required to be recorded as of June 30, 2021 and 2020. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Center believes it is no longer subject to income tax examinations for the years prior to the year ended June 30, 2018.

***Functional Reporting of Expenses***

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, those expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of service units billed, mileage, and time.

***Reclassifications***

Certain amounts in 2020 have been reclassified to conform to the 2021 financial statement presentation.

***Accounting Standards Update***

During fiscal year 2021, the Organization adopted the provisions of FASB Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update establishes principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The implementation of this standard did not have an impact on the Organization's financial statements, and no adjustments were necessary.

**NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Center has \$2,454,708 and \$2,343,772 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenses, consisting of cash of \$1,766,060 and \$1,726,855, short-term certificates of deposit of \$680,000 and \$612,966 and other accounts receivable of \$8,648 and \$3,951 at June 30, 2021 and 2020, respectively. None of these amounts are subject to donor restrictions or other contractual restrictions that make them unavailable for general expenses within one year of the statement of financial position.

The Center manages liquidity needed for operations primarily through budgeted monthly cash inflows and outflows. Cash inflows can be easily predicted since they are materially comprised of fees for services. Cash outflows are planned accordingly so as not to exceed those expected inflows.

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE 3 LAND, BUILDING, AND EQUIPMENT**

Land, building, and equipment at June 30 are summarized as follows:

	2021	2020
Buildings and Improvements	\$ 2,409,933	\$ 2,419,581
Equipment	251,031	504,748
Vehicles	969,888	980,296
	3,630,852	3,904,625
Less: Accumulated Depreciation	3,231,880	3,403,218
	398,972	501,407
Land	267,905	267,905
	\$ 666,877	\$ 769,312

Depreciation expense for the years ended June 30, 2021 and 2020 were \$134,036 and \$135,427, respectively.

**NOTE 4 LEASES**

***Operating Leases***

The Center leases office equipment under operating lease arrangements. The leases on office equipment expire in fiscal year 2024. Rental expense under these operating leases were \$1,279 and \$1,306, for the years ended June 30, 2021 and 2020, respectively. Future minimum rental payments for all noncancelable operating leases at June 30, 2021 are as follows:

Year Ending June 30,	
2022	\$ 1,279
2023	1,279
2024	213
	\$ 2,771

***Capital Lease Obligation***

The Center leases equipment under a capital lease arrangement due in 2024 in monthly installments of \$690. For financial reporting purposes, minimum lease rentals relating to the equipment have been capitalized in the fixed assets as office equipment at \$36,129, less accumulated depreciation of \$15,252. The outstanding balance was \$21,755 and \$28,633 as of June 30, 2021 and 2020, respectively.

Year Ending June 30,	
2022	\$ 7,266
2023	7,676
2024	6,813
	\$ 21,755

Amortization expense related to property recorded under the capital lease is combined with depreciation expense.

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE 5 LONG TERM LIABILITIES**

***Note Payable***

*2020 Paycheck Protection Program Loan*

A note payable, dated April 20, 2020, was entered into between a San Luis Valley Federal Bank and Blue Peaks Developmental Services, Inc. and matures on April 20, 2022. The Bank issued \$621,150 to the Center and funds from the loan may only be used for payroll costs, mortgage interest, rent, and utility costs incurred over the 24 week period after the loan was made. Under the terms of the Paycheck Protection Program, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. As the Organization met the conditions for forgiveness of the loan, it was forgiven in November 2020. Principal balance at June 30, 2021 and June 30, 2020 was \$0 and \$621,150, respectively.

**NOTE 6 RETIREMENT PLAN**

The Center has adopted a Money Purchase Pension Plan and Trust, which is a defined contribution pension plan. All full-time employees who have completed one full year of service are eligible to participate. The Center contributes up to 4% of each eligible employee's compensation to the plan based on the employee's contribution. Employees participating in the plan will vest 20% each year until the fifth year of service when they will be 100% vested. Retirement plan expense was \$14,324 and \$19,406, for the years ended June 30, 2021 and 2020, respectively.

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

The Center participates in a number of grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time although the Center expects such amounts to be immaterial.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.

***Litigation***

The Center is a party to various legal actions normally associated with the Center's activities, the aggregate effect of which, in management's opinion, would not be material to its financial statements.