Financial Statements and
Independent Auditor's Report

Mountain Valley Developmental Services, Inc.

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mountain Valley Developmental Services, Inc.

We have audited the accompanying financial statements of Mountain Valley Developmental Services, Inc. (the Center), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's 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 auditor's 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 that 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 Mountain Valley Developmental Services, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center's 2020 financial statements, and our report dated September 8, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado
September 7, 2021

Financial Statements

Mountain Valley Developmental Services, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With summarized financial information as of June 30, 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,591,442	$ 3,756,767
Accounts receivable		
Fees and grants from governmental agencies	2,256,287	1,759,331
Other	16,887	39,576
Inventories	44,727	31,269
Prepaid expenses and other	308,583	317,145
Total current assets	6,217,926	5,904,088
Land, building and equipment, net of accumulated depreciation	2,286,853	2,537,362
Total assets	$ 8,504,779	$ 8,441,450
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 1,374,825	$ 1,379,037
Current portion of notes payable	54,816	612,231
Deferred revenue	183,381	60,501
Total current liabilities	1,613,022	2,051,769
Long-term liabilities		
Notes payable, net of current portion	288,780	1,058,620
Total liabilities	1,901,802	3,110,389
Net assets		
Without donor restrictions		
Invested in property and equipment, net of related debt	1,943,257	2,141,511
Undesignated	4,659,720	3,189,550
Total net assets	6,602,977	5,331,061
Total liabilities and net assets	$ 8,504,779	$ 8,441,450

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2021
(With summarized financial information for the year ended June 30, 2020)

	Total without donor restrictions	
	2021	2020
Revenues and support		
Fees and grants from governmental agencies		
Fees for services		
State of Colorado		
State General Fund	$ 1,391,760	$ 1,496,510
Medicaid	7,340,291	8,369,711
Counties	184,398	155,449
Grants and other		
Part C	-	75,917
Department of Housing and Urban Development	3,227	4,650
Department of Social Services	3,737	41,850
Colorado Department of Education	51,764	37,594
Colorado Department of Human Services	136,547	108,846
Other	603,765	471,784
Total fees and grants from governmental agencies	9,715,489	10,762,311
Public support - contributions	100,829	154,953
Residential room and board	591,207	632,412
In-kind contributions	-	24,278
Production revenue	198,380	178,494
Other revenue	123,949	136,902
Total revenues and support	10,729,854	11,889,350
Expenses		
Program services		
Medicaid comprehensive	6,841,440	7,415,328
State adult supported living	76,563	62,047
Medicaid adult supported living	514,573	503,227
Children's extensive support	24,248	28,395
Early intervention	669,158	839,564
Family support	139,645	179,101
Case management	792,869	788,517
Rocky mountain early childhood council	593,292	587,306
Total program services	9,651,788	10,403,485
Supporting services		
Management and general	1,090,442	1,157,453
Total expenses	10,742,230	11,560,938
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(12,376)	328,412
Forgiveness of PPP loan and accrued interest	1,284,292	-
CHANGE IN NET ASSETS	1,271,916	328,412
Net assets, beginning of year	5,331,061	5,002,649
Net assets, end of year	$ 6,602,977	$ 5,331,061

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021
(With summarized financial information for the year ended June 30, 2020)

	Program Services			
	Medicaid comprehen-sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Salaries	$ 3,593,566	$ 30,753	$ 234,188	$ 21,199
Benefits and taxes	1,099,476	6,052	38,658	1,622
Professional services	793,231	35,537	216,096	-
Occupancy	280,936	1,548	1,711	-
Insurance	69,897	1,190	4,629	-
Supplies	265,942	80	2,166	-
Client assistance and activities	335	-	-	-
Interest	16,093	-	-	-
Depreciation	225,819	492	7,998	-
Other	496,145	911	9,127	1,427
In-kind donations	-	-	-	-
Total expenses	$ 6,841,440	$ 76,563	$ 514,573	$ 24,248

The accompanying notes are an integral part of this statement.

Program Services						
Early intervention	Family support	Case management	Rocky mountain early childhood council	Management and general	Total 2021	Total 2020
$ 168,382	$ 12,197	$ 563,880	$ 126,589	$ 541,453	$ 5,292,207	$ 5,517,693
34,990	1,848	166,631	9,702	186,328	1,545,307	1,716,522
463,941	-	-	-	111,331	1,620,136	1,707,124
-	-	7,455	-	36,599	328,249	350,197
83	-	4,436	249	12,718	93,202	90,436
31	-	7,040	-	15,399	290,658	377,460
-	125,600	-	456,752	-	582,687	617,293
-	-	-	-	9,292	25,385	19,971
-	-	3,442	-	44,870	282,621	274,661
1,731	-	39,985	-	132,452	681,778	865,303
-	-	-	-	-	-	24,278
$ 669,158	$ 139,645	$ 792,869	$ 593,292	$ 1,090,442	$ 10,742,230	$ 11,560,938

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.
STATEMENT OF CASH FLOWS
Year ended June 30, 2021
(With summarized financial information for the year ended June 30, 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 1,271,916	$ 328,412
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	282,621	274,661
Gain on sale of fixed assets	-	(6,136)
Gain on forgiveness of PPP loan	(1,275,000)	-
Change in assets and liabilities		
Increase in accounts receivable	(474,267)	(339,275)
(Increase) decrease in inventories	(13,458)	12,678
Decrease in prepaid expenses and other	8,562	36,078
Increase (decrease) in accounts payable and accrued expenses	(4,212)	208,945
Increase (decrease) in deferred revenue	122,880	(13,048)
Net cash provided by (used in) operating activities	(80,958)	502,315
Cash flows from investing activities		
Purchase of land, building and equipment	(32,112)	(185,848)
Proceeds from sale of fixed assets	-	7,700
Net cash used in investing activities	(32,112)	(178,148)
Cash flows from financing activities		
Advances on notes payable	-	1,275,000
Payments on notes payable	(52,255)	(49,227)
Net cash provided by (used in) financing activities	(52,255)	1,225,773
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(165,325)	1,549,940
Cash and cash equivalents, beginning of year	3,756,767	2,206,827
Cash and cash equivalents, end of year	$ 3,591,442	$ 3,756,767
Noncash investing and financing activities		
Forgiveness of PPP loan and accrued interest	$ 1,284,292	$ -
Supplemental data		
Cash paid for interest	$ 16,092	$ 19,971

The accompanying notes are an integral part of this statement.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This description of Mountain Valley 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.

1. *Summary of Business Activities*

Mountain Valley Developmental Services, Inc., a Colorado nonprofit corporation, was incorporated under the laws of the State of Colorado in 1975 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 Garfield, Eagle, Pitkin and Lake Counties. The Center's revenue comes primarily from the State of Colorado for services provided.

2. *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

<u>Comprehensive</u> (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.

<u>Adult Supported Living</u> (State and Medicaid) provides individualized living services for persons who are responsible for their own living arrangements in the community.

<u>Children's Extensive Support</u> 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 in order for the children to remain in or return to the family home. Waiver services are targeted to children having extensive support

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

needs, which require constant line-of-sight supervision due to significantly challenging behaviors and/or co-existing 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 two 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.

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.

Rocky Mountain Early Childhood Council promotes and supports a system of quality, accessibility, affordability of early childhood for families in the Rural Resort Region.

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 organization’s corporate existence.

3. *Basis of Accounting*

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

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. *Subsequent Events*

The Center has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through September 7, 2021, the date on which the financial statements were issued. The Center did not identify any events or transactions that would have a material impact on the financial statements.

5. *Use of Estimates*

In preparing 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.

6. *Cash and Cash Equivalents*

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 cash equivalents to be certificates of deposit with an original maturity of three months or less.

The Center maintains cash balances in financial institutions located in Glenwood Springs, Colorado, which at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

7. *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.

8. *Inventories*

The cost of inventories was determined principally on a first-in, first-out basis under the lower of cost or market method of accounting.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. *Land, Building and Equipment*

Land, building and equipment are reported at cost for purchased assets with a cost of $5,000 or more and an estimated fair value, at date of receipt, for donated property. Depreciation is provided on the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	5–30
Equipment	2–10
Vehicles	3–6

10. *Revenue Recognition*

Revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing services. Program revenue consists primarily of funds received from the State of Colorado for Medicaid and other services, miscellaneous smaller grants and awards from federal, state, county and municipal sources. Billings for services are billed after the services are performed. As performance obligations are satisfied, revenue is recognized.

Performance obligations are determined based on the nature of the services provided. As performance obligations are satisfied over time, revenue is recognized based on when related services are performed. This method provides for the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligations. Revenue received in advance is deferred to the applicable period in which the related program services are performed and at which time will be recognized in the period in which the related services are performed. Transaction price is based on standard charges for services provided, which is set by the State of Colorado. Rent income is recognized in the month in which it is earned rather than received.

11. *Accounting for Contributions*

All contributions are considered to be without donor restrictions 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 increases in net assets 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 net assets with donor restrictions.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. *Accounting for Contributions (Continued)*

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 recorded as increases in net assets without donor restrictions.

12. *In-kind Contributions*

Contributions of property, materials and personal services are known 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.

13. *Change in Accounting Policy*

As of July 1, 2020, the Center adopted the provisions of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* as amended, which supersedes or replaces nearly all GAAP revenue recognition guidance. The updated standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The Center implemented ASU 2014-09 and adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

As of July 1, 2020, the Center adopted the provisions of Accounting Standards Update (ASU) 2018-08, *Not-for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The updated standard clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The Center implemented ASU 2018-08 and there was no effect on the financial statements. Prior to July 1, 2020, the Center had implemented ASU 2018-08 where it was a resource recipient.

14. *Net Assets*

From time to time, the Center's Board of Directors approves designating net assets for future use for a specific purpose.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. *Functional Allocation of Expenses*

The costs of supporting various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated to program and management and general based on estimates of time and effort, square footage of the office and other methods.

16. *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 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. 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.

17. *Prior Year Summarized Information and Reclassifications*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements as of and for the year ended June 30, 2020 from which the summarized information was derived. Certain financial information as of and for the year ended June 30, 2020 has been reclassified to conform with the presentation for the current year.

18. *Recent Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The most significant change for lessee is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. Changes to the lessor accounting model include: (a) synchronizing key aspects of the model with the new revenue recognition guidance, such as basing whether a lease is similar to a sale or whether control of the underlying asset has transferred to the lessee and (b)

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

18. *Recent Accounting Pronouncements (Continued)*

prospectively eliminating the specialized accounting for leveraged leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU will be effective for fiscal years beginning after December 15, 2019, with early adoption permitted. In November 2019, the FASB issued ASU 2019-10, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05, which allows certain entities the option to delay the adoption by one year, making it effective for annual reporting periods beginning after December 15, 2021. The Center is in the process of evaluating the impact of this new guidance.

NOTE B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$ 3,591,442
Accounts receivable	2,273,174
	$ 5,864,616

As a part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE C – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2021:

Buildings and improvements	$ 6,537,598
Equipment	220,027
Vehicles	558,010
	7,315,635
Less accumulated depreciation and amortization	5,824,476
	1,491,159
Land	795,694
	$ 2,286,853

Depreciation expense was $282,621 for the year ended June 30, 2021.

NOTE D – NOTES PAYABLE

On December 8, 2017, the Center borrowed $225,000 from a financial institution with a fixed rate of 4.99%, which is due December 8, 2027, payable in monthly installments of $2,393 including interest, and collateralized by land and building. On October 1, 2020, the loan agreement was amended to change the interest rate to a fixed rate of 4.00% and the monthly installments to $2,295. The outstanding balance of this note at June 30, 2021 was $158,201.

On December 20, 2013, the Center borrowed $100,000 from a financial institution with a fixed rate of 4.85%, which is due December 20, 2023, payable in monthly installments of $1,057 including interest, and collateralized by a building and deposits held at the financial institution. The outstanding balance of this note at June 30, 2021 was $29,773.

On February 11, 2009, the Center borrowed $335,000 from a financial institution which is due February 25, 2029, collateralized by land and building. The interest rate was a 4.25% fixed rate until December 25, 2022, at which time the interest rate becomes variable based on the prime rate. On October 1, 2020, the loan agreement was amended to change the interest rate to a fixed rate of 4.00%. The monthly payment amount of principal and interest is $2,311 and the loan is due on November 25, 2027. The outstanding balance of this note at June 30, 2021 was $155,622.

On April 7, 2020, the Center obtained an unsecured loan of $1,275,000 through the Paycheck Protection Program (PPP) from a financial institution with a fixed rate of 1.00%. Under the CARES Act, if the Organization submits a Loan Forgiveness Application and meets various criteria as defined in the Paycheck Protection Flexibility Act, the loan could potentially be forgiven. On December 31, 2020, the $1,275,000 loan and accrued interest of $9,292 were forgiven.

Future maturities of notes payable at June 30, 2021, are as follows:

Year ending June 30,	
2022	$ 54,816
2023	57,184
2024	53,228
2025	48,940
2026	50,963
Thereafter	78,465
	343,596
Less current portion	54,816
	$ 288,780

Interest expense was $25,385 for the year ended June 30, 2021.

NOTE E – DEFERRED REVENUE

Deferred revenue of $183,381 at June 30, 2021, consists of $113,502 of unspent funds from Eagle County, $29,167 of unspent funds from Garfield County, $17,500 of unspent funds from Pitkin County, $16,712 of unspent funds from Temple Hoyne Buell Foundation and $6,500 of unspent funds related to various receipts.

NOTE F – LEASES

The Center leases facilities and equipment under operating lease arrangements to conduct a portion of its operations. Rental expense for the year ended June 30, 2021 was $111,294. Future minimum lease payments under noncancelable operating leases at June 30, 2021 are as follows:

Year ending June 30,	
2022	$ 62,955
2023	22,927
2024	10,003
2025	1,667
	$ 97,552

NOTE G – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries and benefits, telephone, depreciation and amortization, insurance, utilities, postage, storage and equipment lease, miscellaneous and interest, which are allocated on the basis of usage studies, square footage and other methods.

NOTE H – RETIREMENT PLANS

Defined Contribution Plan

The Center has adopted a contributory defined contribution plan for employees. Employees are eligible to participate after one year of full-time employment. The Center is a safe harbor plan with a maximum match of 4%, depending on years of service, which becomes fully vested immediately. During the year ended June 30, 2021, contributions to the plan by the Center were $101,482.

NOTE H – RETIREMENT PLANS (CONTINUED)

Deferred Compensation Plan

The Center has a deferred compensation plan for a select group of management and highly compensated employees. Participants contribute a certain percentage of their salary to the Plan and the Center can make contributions to the Plan. The Center will distribute the balance of the participant's account upon the 90th day after the participant separates employment with the Center, unless the participant has elected to commence distribution prior to this date. The Center maintains accounts for the participants. The total amount in these accounts was $232,933 as of June 30, 2021. The amount is recorded in prepaid expenses and other and accounts payable and accrued expenses. For the year ended June 30, 2021, no deferred compensation contributions were made and $60,003 in distributions were made.

NOTE I – RELATED PARTY TRANSACTIONS

The Center receives a substantial amount of revenue from the State of Colorado. The amount of receivables the Center has from the State of Colorado is $1,927,625 at June 30, 2021. These transactions are considered to be transactions with a related party by virtue of significant management influence exercised by the State of Colorado through contract provisions.

NOTE J – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak has adversely affected workforces, customers, economies, and financial markets globally. This outbreak could adversely affect the Organization's ability to provide services, and reduce funding sources available. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the organization's activities or results of operations, financial condition, or liquidity, at this time.