

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

**FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**



Wall,  
Smith,  
Bateman Inc.  
Certified Public Accountants

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**

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**June 30, 2022 and 2021**

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# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

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

## Opinion

We have audited the accompanying financial statements of Blue Peaks Developmental Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

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, 2022 and 2021, 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.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blue Peaks Developmental Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Peaks Developmental Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Certified Public Accountants**

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Blue Peaks Developmental Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Peaks Developmental Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

December 6, 2022

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**

**FINANCIAL STATEMENTS**

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 2,111,786	\$ 1,766,060
Short-term Certificates of Deposit	820,000	680,000
Accounts Receivable		
Fees and Grants from Governmental Agencies	257,943	311,485
Other	15,119	8,648
Prepaid Expenses	22,500	16,589
Total Current Assets	3,227,348	2,782,782
Restricted Cash	19,264	44,645
Land, Building, and Equipment (Net)	554,476	666,877
Total Assets	\$ 3,801,088	\$ 3,494,304
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 126,076	\$ 142,970
Current Portion of Capital Lease Obligation	7,052	7,266
Total Current Liabilities	133,128	150,236
Long-term Capital Lease Obligation, Net of Current Portion	6,813	14,489
Total Liabilities	139,941	164,725
Net Assets		
Without Donor Restrictions		
Net Investment in Land, Building, and Equipment	540,611	645,122
Undesignated	3,120,536	2,684,457
Total Net Assets Without Donor Restrictions	3,661,147	3,329,579
Total Liabilities and Net Assets	\$ 3,801,088	\$ 3,494,304

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, 2022 and 2021**

	<b>Without Donor Restrictions</b>	
	<b>2022</b>	<b>2021</b>
Revenues and Support		
Fees for services		
State of Colorado General Fund	\$ 401,936	\$ 355,196
Medicaid	2,594,620	2,849,148
Room and Board	310,306	339,561
Grants and Contributions		
Public Support - Contributions	16,606	12,233
In-kind Contributions	-	15
Other	8,286	711,821
Gain/(Loss) on Sale of Fixed Assets	-	(395)
Other Revenue	39,391	45,769
	<u>3,371,145</u>	<u>4,313,348</u>
Operating Expenses		
Program Services		
Comprehensive	1,957,705	2,369,168
Adult Supported Living	224,628	208,146
Early Intervention	127,482	106,756
Family Support	118,965	95,810
Case Management	150,726	161,217
Non-Specified	6,650	97,070
Total Program Services	<u>2,586,156</u>	<u>3,038,167</u>
Supporting Services		
Management and General	453,421	445,126
Total Expenses	<u>3,039,577</u>	<u>3,483,293</u>
CHANGE IN NET ASSETS	331,568	830,055
Net Assets, Beginning of Year	<u>3,329,579</u>	<u>2,499,524</u>
Net Assets, End of Year	<u>\$ 3,661,147</u>	<u>\$ 3,329,579</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, 2022**  
**with Comparative Totals For the Year Ended June 30, 2021**

	<b>Program Services</b>			
	<b>Medicaid Comprehensive</b>			<b>Adult Supported Living</b>
	<b>Day Services</b>	<b>Residential</b>	<b>Total</b>	
Revenues and Support				
Fees for services				
State of Colorado General Fund	\$ -	\$ -	\$ -	\$ 49,307
Medicaid	404,231	1,898,325	2,302,556	155,375
Room and Board	-	310,306	310,306	-
Grants and Contributions				
Public Support - Contributions	50	-	50	-
In-kind Contributions	-	-	-	-
Other	-	-	-	-
Gain/(Loss) on Sale of Fixed Assets	-	-	-	-
Other Revenue	12,068	718	12,786	-
	<u>\$ 416,349</u>	<u>\$ 2,209,349</u>	<u>\$ 2,625,698</u>	<u>\$ 204,682</u>
Expenses				
Employee Compensation	\$ 259,192	\$ 1,143,962	\$ 1,403,154	\$ 164,023
Consumer Compensation	22,371	-	22,371	13,160
Medical and Professional Services	2,459	18,753	21,212	9,223
Board and Staff Travel and Development	3,168	8,702	11,870	1,168
Occupancy	23,600	209,378	232,978	7,152
Equipment	1,454	14,996	16,450	1,174
Client Assistance	11,022	13,318	24,340	8,921
Vehicles	32,629	20,212	52,841	8,199
Supplies	3,030	17,176	20,206	1,851
Other	10,737	42,308	53,045	4,730
	<u>369,662</u>	<u>1,488,805</u>	<u>1,858,467</u>	<u>219,601</u>
Expenses Before Depreciation				
Depreciation	<u>22,295</u>	<u>76,943</u>	<u>99,238</u>	<u>5,027</u>
	<u>\$ 391,957</u>	<u>\$ 1,565,748</u>	<u>\$ 1,957,705</u>	<u>\$ 224,628</u>
Total Expenses				

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 2022</b>	<b>Total 2021</b>
\$ 126,088	\$ 156,703	\$ 66,783	\$ -	\$ 3,055	\$ 401,936	\$ 355,196
14,398	-	127,594	-	(5,303)	2,594,620	2,849,148
-	-	-	-	-	310,306	339,561
-	-	-	16,556	-	16,606	12,233
-	-	-	-	-	-	15
-	-	-	8,286	-	8,286	711,821
-	-	-	-	-	-	(395)
22	-	-	23,928	2,655	39,391	45,769
<b>\$ 140,508</b>	<b>\$ 156,703</b>	<b>\$ 194,377</b>	<b>\$ 48,770</b>	<b>\$ 407</b>	<b>\$ 3,371,145</b>	<b>\$ 4,313,348</b>
\$ 68,534	\$ 7,409	\$ 136,346	\$ -	\$ 387,457	\$ 2,166,923	\$ 2,541,129
-	-	-	-	721	36,252	22,399
48,584	23,910	633	649	3,216	107,427	84,393
73	39	1,070	-	6,474	20,694	13,466
2,447	200	4,772	-	15,539	263,088	318,142
1,092	255	3	-	3,544	22,518	20,870
1,849	85,700	1	261	-	121,072	96,000
89	-	6	-	12,337	73,472	52,105
1,396	504	1,218	-	7,309	32,484	123,934
1,905	718	2,212	5,740	6,297	74,647	76,819
125,969	118,735	146,261	6,650	442,894	2,918,577	3,349,257
1,513	230	4,465	-	10,527	121,000	134,036
<b>\$ 127,482</b>	<b>\$ 118,965</b>	<b>\$ 150,726</b>	<b>\$ 6,650</b>	<b>\$ 453,421</b>	<b>\$ 3,039,577</b>	<b>\$ 3,483,293</b>

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, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 331,568	\$ 830,055
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	121,000	134,036
In-Kind Contributions of Property, Plant, and Equipment	-	-
(Gain) Loss on Sale of Land, Building, and Equipment	-	395
Change in Net Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	47,071	(63,998)
(Increase) Decrease in Prepaid Expenses and Deposits	(5,911)	2,107
Increase (Decrease) in Accounts Payable and Accrued Expenses	(16,894)	(96,028)
Net Cash Provided (Used) By Operating Activities	476,834	806,567
Cash Flows from Investing Activities		
Purchase of Land, Building, and Equipment	(8,599)	(31,996)
Proceeds from the Sale of Land, Building, and Equipment	-	-
Purchase of Certificates of Deposit	(280,000)	(447,034)
Proceeds from Redemption of Certificates of Deposits	140,000	380,000
Net Cash Provided (Used) By Investing Activities	(148,599)	(99,030)
Cash Flows from Financing Activities		
SBA Paycheck Protection Program Loan Payoff Forgiven	-	(621,150)
Capital Lease Payments	(7,890)	(6,878)
Net Cash Provided (Used) By Financing Activities	(7,890)	(628,028)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS	320,345	79,509
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	1,810,705	1,731,196
Cash, Cash Equivalents, and Restricted Cash End of Year	\$ 2,131,050	\$ 1,810,705
Supplemental Data		
Cash Paid for Interest	\$ 1,084	\$ 1,404
Noncash Investing and Financing Activities		
Land, Building, and Equipment Additions from Contributions	\$ -	\$ -
Reconciliation to the Statement of Financial Position		
Cash and Cash Equivalents	\$ 2,111,786	\$ 1,766,060
Restricted Cash	19,264	44,645
	\$ 2,131,050	\$ 1,810,705

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

**BLUE PEAKS DEVELOPMENTAL SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**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. The Organization had no participants in this program during the years ended June 30, 2022 and 2021.

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, 2022 and 2021**

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 December 6, 2022, 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, 2022 and 2021, the Center had \$1,973,906 and \$1,635,333 respectively, in uninsured cash balances.

***Certificates of Deposit***

Short-term certificates of deposit consist of six individual certificates with interest rates between 0.30% and 0.45% and maturity dates between November 2022 and June 2023. 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, 2022 and 2021**

***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 \$16,288 and \$20,966 at June 30, 2022 and 2021 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, 2022 and 2021.

***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, 2022 and 2021**

***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, 2022 and 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, 2019.

***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 2021 have been reclassified to conform to the 2022 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 \$2,946,905 and \$2,454,708 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 \$2,111,786 and \$1,766,060, short-term certificates of deposit of \$820,000 and \$680,000 and other accounts receivable of \$15,119 and \$8,648 at June 30, 2022 and 2021, 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, 2022 and 2021**

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

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

	2022	2021
Buildings and Improvements	\$ 2,416,518	\$ 2,409,933
Equipment	253,043	251,031
Vehicles	956,388	969,888
	3,625,949	3,630,852
Less: Accumulated Depreciation	3,339,378	3,231,880
	286,571	398,972
Land	267,905	267,905
	\$ 554,476	\$ 666,877

Depreciation expense for the years ended June 30, 2022 and 2021 were \$121,000 and \$134,036, 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 \$1,279, for the years ended June 30, 2022 and 2021, respectively. Future minimum rental payments for all noncancelable operating leases at June 30, 2022 are as follows:

Year Ending June 30,	
2023	\$ 1,279
2024	213
	\$ 1,492

***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 \$22,477. The outstanding balance was \$13,865 and \$21,755 as of June 30, 2022 and 2021, respectively.

Year Ending June 30,	
2023	\$ 7,052
2024	6,813
	\$ 13,865

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, 2022 and 2021**

**NOTE 5 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 \$6,364 and \$14,324, for the years ended June 30, 2022 and 2021, respectively.

**NOTE 6 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.

***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.