

NORTH METRO COMMUNITY SERVICES, INC.

Financial Statements As Of June 30, 2023 And 2022

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Denver
North Metro Community Services, Inc:

Opinion

We have audited the accompanying financial statements of North Metro Community Services, Inc. (the "Center"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, 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 the Center as of June 30, 2023 and 2022, and the changes in 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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.

Independent Auditors' Report (Continued)

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 the Center'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.

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 the Center'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 the Center's ability to continue as a going concern for a reasonable period of time.

Independent Auditors' Report (Continued)

We are required to communicate to 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.

JDS Professional Group

October 19, 2023

NORTH METRO COMMUNITY SERVICES, INC.

Statements Of Financial Position
As Of June 30, 2023 and 2022

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| ASSETS | <u>2023</u> | <u>2022</u> |
|--------------------------------------------------------------|----------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 9,845,022 | \$ 10,779,067 |
| Accounts receivable - | | |
| Fees and grants from governmental agencies, net of allowance | 2,987,131 | 2,705,453 |
| Other | 171,325 | 124,441 |
| Prepaid expenses and other assets | 845,092 | 835,527 |
| Total Current Assets | <u>13,848,570</u> | <u>14,444,488</u> |
| Property and equipment, net of accumulated depreciation | <u>2,914,679</u> | <u>2,817,456</u> |
| TOTAL ASSETS | <u>\$ 16,763,249</u> | <u>\$ 17,261,944</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 334,995 | \$ 486,459 |
| Accrued liabilities | 2,032,974 | 1,963,242 |
| Deferred revenue | 176,709 | 176,709 |
| Total Current Liabilities | <u>2,544,678</u> | <u>2,626,410</u> |
| Net Assets: | | |
| Net assets without donor restrictions - | | |
| Net investment in property and equipment | 2,914,679 | 2,817,456 |
| Undesignated | 11,303,892 | 11,818,078 |
| Total Net Assets Without Donor Restrictions | <u>14,218,571</u> | <u>14,635,534</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 16,763,249</u> | <u>\$ 17,261,944</u> |

The accompanying notes are an internal part of the financial statements.

NORTH METRO COMMUNITY SERVICES, INC.

Statements Of Activities

For The Years Ended June 30, 2023 and 2022

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| | 2023 | 2022 |
|--------------------------------------------------|----------------------|----------------------|
| Support and Revenue: | | |
| Fees and grants from governmental agencies - | | |
| Fees for services - | | |
| State of Colorado | \$ 4,815,595 | \$ 3,645,686 |
| Medicaid | 19,621,956 | 19,201,883 |
| Counties and cities | 2,120,512 | 2,425,512 |
| Grants - | | |
| State of Colorado | 1,078,743 | 1,157,243 |
| Other | | 554,967 |
| Total Fees and Grants from Governmental Agencies | <u>27,636,806</u> | <u>26,985,291</u> |
| Contributions | 390 | 18,065 |
| Residential room and board | 1,055,942 | 1,097,174 |
| Vocational revenue | 81,509 | 1,477,043 |
| Other revenue | 250,459 | 529,197 |
| Total Support and Revenue | <u>29,025,106</u> | <u>30,106,770</u> |
| Expenses: | | |
| Program Services - | | |
| Residential | 12,325,415 | 12,011,902 |
| Day program | 4,569,239 | 4,491,147 |
| Supported living services | 1,399,252 | 1,642,060 |
| Children's extensive support | 638,878 | 720,171 |
| Early intervention | 4,368,660 | 3,444,742 |
| Family support | 821,316 | 745,661 |
| Case management | 2,705,896 | 2,708,554 |
| Vocational program | 45,033 | 1,609,388 |
| Total Program services | <u>26,873,689</u> | <u>27,373,625</u> |
| Supporting Services - | | |
| Management and general | 2,568,380 | 2,254,134 |
| Total Expenses | <u>29,442,069</u> | <u>29,627,759</u> |
| CHANGE IN NET ASSETS FROM OPERATIONS | <u>(416,963)</u> | <u>479,011</u> |
| Net Assets, Beginning Of Year | <u>14,635,534</u> | <u>14,156,523</u> |
| NET ASSETS, END OF YEAR | <u>\$ 14,218,571</u> | <u>\$ 14,635,534</u> |

The accompanying notes are an internal part of the financial statements.

NORTH METRO COMMUNITY SERVICES

**Statement Of Functional Expenses
For The Year Ended June 30, 2023**

| | Residential | Day Program | Supported Living Services | Children's Extensive Support | Early Intervention | Family Support | Case Management | Vocational Program | Total Program Services | Management and General | 2023 Total |
|--------------------------------------------|----------------------|---------------------|---------------------------|------------------------------|---------------------|-------------------|---------------------|--------------------|------------------------|------------------------|----------------------|
| Salaries, payroll taxes, employee benefits | \$ 6,089,871 | \$ 3,294,397 | \$ 1,133,079 | \$ 494,399 | \$ 1,943,092 | \$ 153,932 | \$ 2,446,121 | 33,447 | \$ 15,588,338 | \$ 1,496,896 | \$ 17,085,234 |
| Professional services | 116,580 | 50,165 | 18,804 | 6,207 | 10,709 | 534 | 43,686 | 4,844 | 251,529 | 72,123 | 323,652 |
| Contracted services | 5,561,211 | 91,999 | 213,116 | 137,118 | 2,303,982 | 660,670 | 39 | | 8,968,135 | | 8,968,135 |
| Depreciation | 45,094 | 220,785 | 2,796 | 684 | 4,610 | | 36,248 | 1,791 | 312,008 | 24,854 | 336,862 |
| Office | 212,605 | 503,181 | 16,640 | 284 | 88,742 | 299 | 148,037 | 3,842 | 973,630 | 228,413 | 1,202,043 |
| Rent | 163,542 | 151,150 | | | | | | | 314,692 | | 314,692 |
| Commissions | | | | | | | | | | 45,833 | 45,833 |
| Staff Travel, Conferences, Meetings | 28,598 | 14,396 | 5,217 | 473 | 525 | 155 | 6,863 | | 56,227 | 77,220 | 133,447 |
| Transportation | 5,808 | 87,212 | | | | | | 34 | 93,054 | | 93,054 |
| Utilities | 42,403 | 47,028 | 2,272 | (304) | 10,349 | 1,199 | 15,754 | | 118,701 | 16,381 | 135,082 |
| Other | 59,703 | 108,926 | 7,328 | 17 | 6,651 | 4,527 | 9,148 | 1,075 | 197,375 | 606,660 | 804,035 |
| Total | \$ 12,325,415 | \$ 4,569,239 | \$ 1,399,252 | \$ 638,878 | \$ 4,368,660 | \$ 821,316 | \$ 2,705,896 | \$ 45,033 | \$ 26,873,689 | \$ 2,568,380 | \$ 29,442,069 |

The accompanying notes are an integral part of the financial statements.

NORTH METRO COMMUNITY SERVICES

Statement Of Functional Expenses For The Year Ended June 30, 2022

| | Residential | Day Program | Supported Living Services | Children's Extensive Support | Early Intervention | Family Support | Case Management | Vocational Program | Total Program Services | Management and General | 2022 Total |
|--------------------------------------------|----------------------|---------------------|---------------------------|------------------------------|---------------------|-------------------|---------------------|---------------------|------------------------|------------------------|----------------------|
| Salaries, payroll taxes, employee benefits | \$ 5,614,274 | \$ 3,167,333 | \$ 1,310,863 | \$ 501,191 | \$ 1,396,522 | \$ 62,648 | \$ 2,511,425 | 1,294,871 | \$ 15,859,127 | \$ 1,385,688 | \$ 17,244,815 |
| Professional services | 92,729 | 55,671 | 37,605 | 10,365 | 34,331 | 245 | 28,510 | 20,127 | 279,583 | 48,080 | 327,663 |
| Contracted services | 5,705,269 | 98,557 | 222,396 | 197,114 | 1,913,577 | 682,698 | 890 | 59 | 8,820,560 | 1,185 | 8,821,745 |
| Depreciation | 48,185 | 283,248 | 590 | | 186 | | 38,987 | 5,547 | 376,743 | 17,524 | 394,267 |
| Office | 237,303 | 485,918 | 35,585 | 1,554 | 34,804 | 435 | 95,363 | 221,826 | 1,112,788 | 169,638 | 1,282,426 |
| Rent | 180,630 | 151,150 | 24,633 | 8,319 | 54,201 | | | | 418,933 | 1,478 | 420,411 |
| Commissions | | | | | | | | | | 50,500 | 50,500 |
| Staff Travel, Conferences, Meetings | 23,257 | 10,408 | 4,162 | 47 | 945 | 224 | 1,472 | 2,018 | 42,533 | 67,269 | 109,802 |
| Transportation | 6,206 | 89,710 | | | | | | 16,184 | 112,100 | | 112,100 |
| Utilities | 46,459 | 57,303 | 3,436 | 1,581 | 8,778 | (1,045) | 19,573 | | 136,085 | 13,498 | 149,583 |
| Other | 57,590 | 91,849 | 2,790 | | 1,398 | 456 | 12,334 | 48,756 | 215,173 | 499,274 | 714,447 |
| Total | \$ 12,011,902 | \$ 4,491,147 | \$ 1,642,060 | \$ 720,171 | \$ 3,444,742 | \$ 745,661 | \$ 2,708,554 | \$ 1,609,388 | \$ 27,373,625 | \$ 2,254,134 | \$ 29,627,759 |

The accompanying notes are an integral part of the financial statements.

NORTH METRO COMMUNITY SERVICES, INC.Statements Of Cash Flows
For The Years Ended June 30, 2023 and 2022

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| | <u>2023</u> | <u>2022</u> |
|--------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| Cash flows from operating activities: | | |
| Change in net assets from operations | \$ (416,963) | \$ 479,011 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 336,864 | 394,267 |
| Gain on sale of assets | (30,925) | (412,387) |
| Allowance for doubtful accounts | (43,197) | (3,483) |
| Change in assets and liabilities - | | |
| (Increase) decrease in accounts receivable | (285,364) | 300,622 |
| (Increase) in prepaid expenses and other assets | (9,565) | (247,704) |
| (Decrease) increase in accounts payable and accrued liabilities | (81,732) | 232,938 |
| (Decrease) in refundable advance | | (542,268) |
| Increase in deferred revenue | | 41,667 |
| Net cash (used in) provided by operating activities | <u>(530,882)</u> | <u>242,663</u> |
| Cash flow from investing activities: | | |
| Purchases of property and equipment | (436,086) | (913,683) |
| Proceeds from sale of assets | 32,923 | 626,960 |
| Net cash (used in) investing activities | <u>(403,163)</u> | <u>(286,723)</u> |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | (934,045) | (44,060) |
| Cash and Cash Equivalents, Beginning Of Year | <u>10,779,067</u> | <u>10,823,127</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 9,845,022</u> | <u>\$ 10,779,067</u> |

The accompanying notes are an internal part of the financial statements.

NORTH METRO COMMUNITY SERVICES, INC.

Notes To Financial Statements
For The Years Ended June 30, 2023 and 2022

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(1) Nature Of Activities And Summary Of Significant Accounting Policies

North Metro Community Services, Inc., (the “Center”) a Colorado nonprofit corporation, was incorporated under the laws of the State of Colorado in 1964 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 Adams County. The Center’s revenue comes 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

Residential (Medicaid) included are a number of different types of residential settings, which provide in residential living alternatives designed to meet individual needs. These services may take place in a community setting or within a person’s home.

Day Program (State and Medicaid) 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, community integration, volunteer, and senior activities. Finally, transportation activities refer to “Home to Day Program transportation” services relevant to the person’s scheduled services as specified in the SP. For these purposes, “scheduled services” is defined broadly to include activities such as habilitation, training, community integration, and employment.

Supported Living Services (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 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-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 offers 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 or eligibility for services and supports, service and support coordination, and the monitoring of all services and supports delivered pursuant to the SP, and the evaluation of results identified in the SP.

Vocational Program refers to vocational contracts, which are not State or Medicaid funded. These contracts provide community employment opportunities for disabled individuals.

Supporting Services

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

(2) Summary Of Signification Accounting Policies

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America, whereby revenue is recorded when services are performed and expenses are recognized when incurred.

Recently Adopted Accounting Standard

In 2022, the Center adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which required lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Center elected not to restate the comparative period. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. The adoption did not have any impact on amounts reported on the statement of financial position or the statement of activities as of and for the year ended December 31, 2022.

Basis of Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

For the purpose 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.

Accounts Receivable

The majority of the Center's accounts receivable is 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 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. As of June 30, 2023 and 2022, the allowance for doubtful accounts amounted to \$0 and \$43,197, respectively.

Inventory

Inventory is reflected at cost and consisted of supplies for contract janitorial services.

Property and Equipment

Land, buildings 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:

| | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 5 - 30 |
| Administrative equipment | 3 - 5 |
| Transportation equipment | 4 |
| Program equipment | 3 - 6 |

Compensated Absences

The Center accrues for the costs of compensated absences to the extent that the employee’s right to receive payment relates to service already rendered, the obligation vests or accumulates, payment is probable, and the amount can be reasonably estimated.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consist of those items attributable to the Center’s ongoing program services and investment income. Nonoperating activities are limited to resources that generate other activities considered to be of a more unusual or nonrecurring nature.

Revenue And 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, proceeds from mill levies in Adams County, other funding from county and municipal sources. Additionally, the Center has a contract to provide janitorial services. 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 performance obligation based on the inputs needed to satisfy the obligations. Transaction price is based on standard charges for services provided, which is set by the State of Colorado or other government agencies. Residential room and board income is recognized in the month in which it is earned rather than received. During the year ended June 30, 2023 and 2022, the Center had \$176,709, in advanced contract services which is reflected in deferred revenue.

The Center recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Conditional promises to give with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. As of June 30, 2023 and 2022, the Center did not have any promises to give.

A portion of the Centers revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2023 and 2022, the Center had \$0 of refundable advances.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of property, materials and personal services are known as contributions of non-financial assets 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 costs of the particular program. During the years ended June 30, 2023 and 2022, the Center did not have any contributions of non-financial assets.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Center. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such expenses include salaries, payroll taxes and employee benefits. These expenses are allocated on the basis of estimates of time and effort. Depreciation, office, rent, services, staff travel, conferences, meetings, transportation, utilities, and other expenses are allocated on the basis of square footage.

Leases

The Center determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-

line basis over the lease term. The Center does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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 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, 2023 and 2022. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Center is no longer subject to income tax examinations for the fiscal years prior to June 30, 2020.

Subsequent Events

The Center has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through October 19, 2023, 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.

(3) Concentrations Of Credit Risk

The Center maintains its cash balances in a financial institution located in Denver, Colorado. The Center has determined they qualify as an official custodian of public funds under the Public Deposit Protection Act (PDPA) and accordingly, the Center's funds are fully covered by the PDPA.

(4) Liquidity And Availability Of Financial Assets

The following represents the Center's financial assets as of June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------------------------------------------------------------|----------------------|----------------------|
| Financial assets, at year end | | |
| Cash and cash equivalents | \$ 9,845,022 | \$ 10,779,067 |
| Receivables - | | |
| Fees and grants from governmental agencies | 2,987,131 | 2,705,453 |
| Other | 171,325 | 124,441 |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 13,003,478</u> | <u>\$ 13,608,961</u> |

The Center has a goal to maintain financial assets, which consists of cash and cash equivalents, on hand to meet 90 days of normal operating expenses, which are, on average approximately \$7,558,000. As 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. In addition, as part of its liquidity management, the Center invests cash in excess of daily requirements in various short-term investments, including money market accounts.

(5) Property And Equipment

Property and equipment consisted of the following as of June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|---------------------|---------------------|
| Buildings and improvements | \$ 6,550,648 | \$ 6,475,974 |
| Administrative equipment | 470,315 | 407,317 |
| Transportation equipment | 2,821,231 | 2,561,703 |
| Program equipment | 230,533 | 242,281 |
| | <u>10,072,727</u> | <u>9,687,275</u> |
| Less accumulated depreciation | <u>(8,190,610)</u> | <u>(7,902,381)</u> |
| | 1,882,117 | 1,784,894 |
| Land | 1,032,562 | 1,032,562 |
| | <u>\$ 2,914,679</u> | <u>\$ 2,817,456</u> |

Depreciation expense was \$336,864 and \$394,267 for the years ended June 30, 2023 and 2022, respectively.

(6) **Leases**

The Center leases Day Program space and office space and residential facilities under short-term lease agreements.

During the years ended June 30, 2023 and 2022, short-term lease expense amounted to \$313,875 and \$420,411, respectively.

(7) **Retirement Plans**

Defined Contribution Plan

The Center has adopted a defined contribution 401(k) plan for all employees regardless of age. Under the plan, employees can contribute up to any amount of their gross compensation. Participants receive a company contribution of 4.5% of their eligible salary. The contribution expense was \$505,651 and \$492,193 for the years ended June 30, 2023 and 2022, respectively.

Deferred Compensation Plan

The Center has a deferred compensation plan for a select group of management and highly compensated employees. The Center will distribute the balance of the participant's account 60 days after the participant's severance from employment with the Center. The Center maintains accounts for the participants. The total amount in these accounts was \$396,350 and \$356,673 as of June 30, 2023 and 2022, respectfully, which is reflected in other assets with a corresponding accrued liability. The Center incurred \$78,953 and \$70,707 as of June 30, 2023 and 2022, respectively, for the Center's deferred compensation contribution for the years ended June 30, 2023 and 2022. There were withdrawals of \$0 made during the years ended June 30, 2023 and 2022.

(8) **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 was \$2,987,131 and \$2,705,453 as of June 30, 2023 and 2022, respectively. These transactions are considered to be transactions with a related party by virtue of the significant management influence exercised by the State of Colorado through contract provisions.