

Financial Statements and
Independent Auditor's Report

**Envision, Creative Support for People with
Developmental Disabilities**

June 30, 2022

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF ACTIVITIES	7
STATEMENT OF FUNCTIONAL EXPENSES	8
STATEMENT OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Envision, Creative Support for People with Developmental Disabilities

Opinion

We have audited the accompanying financial statements of Envision, Creative Support for People with Developmental Disabilities (the Center), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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, 2022, 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.

Basis of 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 related to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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.

Auditor's 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 auditor's 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, including omissions, 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.

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.

Report on Summarized Comparative Information

We have previously audited the Center's 2021 financial statements, and our report dated November 10, 2021, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Logan, Thomas + Johnson, LLC

Broomfield, Colorado
December 15, 2022

Financial Statements

Envision, Creative Support for People with Developmental Disabilities
STATEMENT OF FINANCIAL POSITION

June 30, 2022

(With summarized financial information as of June 30, 2021)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 389,233	\$ 326,003
Investments	1,577,315	1,942,735
Accounts receivable		
Fees and grants from governmental agencies	1,505,212	1,558,428
Other, net of allowance for uncollectible receivables of \$10,462	56,954	27,091
Prepaid expenses and other	90,428	30,922
Total current assets	3,619,142	3,885,179
Land, buildings and equipment, net	812,352	810,845
Total assets	\$ 4,431,494	\$ 4,696,024
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 459,995	\$ 301,229
Accrued personnel expenses	279,066	251,319
Current portion of capital lease obligation	78,163	74,059
Total current liabilities	817,224	626,607
Long-term debt, net of current portion		
Capital lease obligation	154,461	232,624
Total liabilities	971,685	859,231
Net assets		
Without donor restrictions		
Net investment in land, building and equipment	579,728	504,162
Undesignated	2,880,081	3,332,631
Total net assets	3,459,809	3,836,793
Total liabilities and net assets	\$ 4,431,494	\$ 4,696,024

The accompanying notes are an integral part of this statement.

Envision, Creative Support for People with Developmental Disabilities
STATEMENT OF ACTIVITIES
Year ended June 30, 2022
(With summarized financial information for the year ended June 30, 2021)

	Total without donor restrictions	
	2022	2021
Revenues and support		
Fees and grants from governmental agencies		
Fees for services		
State of Colorado		
State General Fund	\$ 3,591,091	\$ 3,310,258
Medicaid	3,649,522	3,395,550
County and cities	45,225	45,225
Grants and other		
Department of Health and Human Services	35,972	566,348
Colorado Department of Transportation	-	50,000
Other	56,459	354,700
Total fees and grants from governmental agencies	7,378,269	7,722,081
Public support		
Contributions	63,218	46,979
United Way	27,027	34,040
Residential room and board	245,394	255,842
In-kind contributions	-	48,240
Other revenue	170,785	403,863
Total revenues and support	7,884,693	8,511,045
Expenses		
Program services		
Residential	1,923,311	1,869,777
Supported living services	543,878	682,950
Adult day	795,818	649,452
Children's extensive support	136,361	350,134
Early intervention	1,551,812	1,386,293
Family support	604,480	667,139
Case management	2,111,963	2,016,803
Total program services	7,667,623	7,622,548
Supporting services		
Management and general	521,618	554,667
Fundraising	72,436	67,077
Total expenses	8,261,677	8,244,292
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(376,984)	266,753
Forgiveness of PPP loan and accrued interest	-	862,242
CHANGE IN NET ASSETS	(376,984)	1,128,995
Net assets, beginning of year	3,836,793	2,707,798
Net assets, end of year	\$ 3,459,809	\$ 3,836,793

The accompanying notes are an integral part of this statement.

Envision, Creative Support for People with Developmental Disabilities
STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2022

(With summarized financial information for the year ended June 30, 2021)

Expenses	Program Services			
	Residential	Supported living services	Adult day	Children's extensive support
Salaries, benefits and taxes	\$ 845,247	\$ 170,241	\$ 506,369	\$ -
Professional services	819,305	90,116	791	101,353
Staff development and travel	819	411	1,234	-
Vehicles	7,236	16,309	48,635	-
Occupancy and equipment	108,753	13,855	41,317	-
Supplies and equipment	43,053	11,510	31,065	-
Insurance	24,180	18,037	52,661	-
Client assistance	-	179,362	-	33,743
Telephone	18,857	4,360	13,026	-
Other	41,525	12,608	20,005	1,265
Interest	1,479	2,877	8,578	-
Depreciation and amortization	12,857	24,192	72,137	-
Total expenses	<u>\$ 1,923,311</u>	<u>\$ 543,878</u>	<u>\$ 795,818</u>	<u>\$ 136,361</u>

The accompanying notes are an integral part of this statement.

Program Services

Early interven- tion	Family support	Case manage- ment	Management and general	Fund- raising	Total	
					2022	2021
\$ -	\$ -	\$1,825,030	\$ 371,465	\$ 52,339	\$ 3,770,691	\$ 3,680,921
1,551,812	-	13,766	48,407	184	2,625,734	2,830,174
-	-	758	3,557	29	6,808	3,044
-	-	-	-	-	72,180	58,763
-	-	125,948	31,676	6,105	327,654	284,457
-	-	11,393	9,313	2,690	109,024	102,980
-	-	40,672	9,704	975	146,229	118,967
-	604,480	-	-	-	817,585	800,341
-	-	33,082	6,756	704	76,785	60,199
-	-	32,890	29,975	7,790	146,058	136,511
-	-	2,027	397	44	15,402	27,762
-	-	26,397	10,368	1,576	147,527	140,173
<u>\$ 1,551,812</u>	<u>\$ 604,480</u>	<u>\$2,111,963</u>	<u>\$ 521,618</u>	<u>\$ 72,436</u>	<u>\$ 8,261,677</u>	<u>\$ 8,244,292</u>

The accompanying notes are an integral part of this statement.

Envision, Creative Support for People with Developmental Disabilities
STATEMENT OF CASH FLOWS
Year ended June 30, 2022
(With summarized financial information for the year ended June 30, 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (376,984)	\$ 1,128,995
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	147,527	140,173
(Gain)/loss on disposal of land, buildings and equipment	35,167	(2,557)
Realized/unrealized (gain)/loss on investments	186,885	(232,109)
Gain on forgiveness of PPP loan debt	-	(855,800)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	23,353	(133,978)
(Increase) decrease in prepaid expenses and other	(59,506)	19,214
Increase in accounts payable and accrued personnel expenses	186,513	51,257
Net cash provided by operating activities	142,955	115,195
Cash flows from investing activities		
Purchase of land, buildings and equipment	(184,601)	(242,845)
Proceeds from sale of land, building and equipment	400	9,700
Purchase of investments	(2,285,355)	(3,464,032)
Proceeds from sale of investments	2,463,890	3,488,182
Net cash used in investing activities	(5,666)	(208,995)
Cash flows used in financing activities		
Advances on line of credit	-	29,028
Payments on line of credit	-	(229,381)
Capital lease payments	(74,059)	(70,452)
Net cash used in investing activities	(74,059)	(270,805)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	63,230	(364,605)
Cash and cash equivalents, beginning of year	326,003	690,608
Cash and cash equivalents, end of year	\$ 389,233	\$ 326,003
Supplemental data		
Cash paid for interest	\$ 15,402	\$ 18,223
Noncash investing and financing activities		
Fixed asset additions acquired through capital lease arrangements	-	54,990
Forgiveness of PPP loan and accrued interest	-	862,242

The accompanying notes are an integral part of this statement.

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

This description of Envision, Creative Support for People with Developmental Disabilities' (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*

The Center 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 Weld County. The Center was incorporated as Weld County Community Center Foundation and in April 1986, began doing business as Envision, Creative Support for People with Developmental Disabilities, a Colorado nonprofit corporation. 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

Residential refers to residential services 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.

Supported Living Services provides individualized living services for persons who are responsible for their own living arrangements in the community.

Adult Day includes a number of different type of services and supports which provide opportunities for individuals to experience and actively participate in valued roles in the community as specified in the IP. These services and supports enable individuals to access and participate in typical community activities such as work, recreation, and senior citizen activities. Included in this program are 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

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 coexisting medical conditions. Available services include personal assistance, household modification, specialized medical equipment and supplies, professional services and community connection services.

Early Intervention is for children from birth through age 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.

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.

Fundraising represents the Center's costs to develop and maintain a fundraising effort that generates awareness and increases support for persons with disabilities.

3. *Basis of Accounting*

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

4. *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

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

4. *Use of Estimates (Continued)*

reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

5. *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 15, 2022, 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.

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 short-term investments with an original maturity of three months or less.

The Center maintains its cash balances in one financial institution located in 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. *Investments*

The Center records investments in equity and debt securities at fair value in the statement of financial position. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

8. *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 determines its allowance for uncollectible receivables by considering a number of factors, including the length of time accounts receivable are past due and the Center's previous collection history. 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.

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

9. *Land, Buildings and Equipment*

Land, buildings and equipment are reported at cost for purchased assets and estimated fair value, at date of receipt, for donated property. Items are capitalized if the cost or estimated value exceeds \$5,000. Depreciation and amortization is provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5–30
Administrative and program equipment	5
Transportation equipment	5

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. 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.

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

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

11. *Accounting for Contributions (Continued)*

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. *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, 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 believes it is no longer subject to income tax examinations for the years prior to the year ended June 30, 2019.

14. *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.

15. *Fair Value Measurements*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy has been established under generally accepted accounting principles, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value:

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

15. *Fair Value Measurements (Continued)*

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities, mutual funds, and exchange traded funds that are traded in an active exchange market.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. This category generally includes certain U.S. Government agency debt securities and corporate debt securities. The Center’s Level 2 securities are primarily valued using quoted market prices for similar instruments and nonbinding market prices that are corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. The disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

16. *Prior Year Summarized Information*

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, 2021, from which the summarized information was derived.

Envision, Creative Support for People with Developmental Disabilities

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

17. *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 lessees 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) prospectively eliminating the specialized accounting for leveraged 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	\$ 389,233
Investments	1,577,315
Accounts receivable	<u>1,562,166</u>
	\$ <u>3,528,714</u>

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. In addition, the Center invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Center has a committed line of credit in the amount of \$500,000 which it could draw upon. As of June 30, 2022, the Center had no outstanding balance on the line of credit.

Envision, Creative Support for People with Developmental Disabilities

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE C – INVESTMENTS

Investments at June 30, 2022 are classified as current. The following table presents the Center’s investments and the fair value hierarchy for those investments as of June 30, 2022.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity income securities - domestic	\$ 292,421	\$ 292,421	\$ -	\$ -
Equity income securities - foreign	2,776	2,776	-	-
Exchange traded funds	113,136	113,136		
Mutual funds	<u>1,168,982</u>	<u>1,168,982</u>	<u>-</u>	<u>-</u>
Total investments	\$ <u>1,577,315</u>	\$ <u>1,577,315</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE D – LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consists of the following at June 30, 2022:

Buildings and improvements	\$ 1,482,027
Administrative and program equipment	392,933
Transportation equipment	<u>730,196</u>
	2,605,156
Less accumulated depreciation and amortization	<u>1,966,804</u>
	638,352
Land	<u>174,000</u>
	\$ <u>812,352</u>

Depreciation and amortization expense was \$147,527 for the year ended June 30, 2022.

NOTE E – PORTFOLIO LOAN ACCOUNT FACILITY

Envision entered into a secured variable rate portfolio loan account facility with a bank in an initial available amount of \$862,000. In November 2021, Envision entered into a new agreement with the available amount of \$500,000. Drawings on the facility are available on a revolving line of credit basis and bear interest at a variable rate equal to 30-day maturity LIBOR, which was 3.14% at June 30, 2022. Amounts drawn under the facility may be repaid and re-borrowed by Envision from time to time. The facility has an indefinite term. The facility is secured by the investment portfolio. There was no outstanding balance at June 30, 2022 and interest expense for the year ended June 30, 2022 was \$0.

Envision, Creative Support for People with Developmental Disabilities

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – LEASES

Operating

The Center conducts a portion of its comprehensive residential program operations from leased facilities. In addition, the Center leases various pieces of equipment under operating leases, which expire at various dates through 2025. Rental expense under the operating leases for the year ended June 30, 2022 was \$82,151.

Future minimum rental payments for these leases at June 30, 2022 are as follows:

Year ending June 30,	
2023	\$ 11,152
2024	11,152
2025	<u>775</u>
	\$ <u>23,079</u>

Capital

The Center leases vehicles and software under a capital lease arrangement, and for financial reporting purposes, minimum lease rentals relating to the vehicles have been capitalized. The related assets and obligation have been recorded using the Center's incremental borrowing rate at the inception of the lease. The leases, which are non-cancelable, expire in fiscal year 2026. Interest expense for the year ended June 30, 2022 was \$15,402.

A schedule of future minimum lease payments under this capital lease together with the present value of the net minimum lease payments as of June 30, 2022 is as follows:

Year ending June 30,	
2023	\$ 89,021
2024	89,021
2025	70,677
2026	<u>3,345</u>
	252,064
Less amount representing interest	<u>19,440</u>
Total minimum lease payments	232,624
Less current portion	<u>78,163</u>
Long-term capital lease obligations	\$ <u>154,461</u>

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE F – LEASES (CONTINUED)

Capital (Continued)

Property recorded under the capital lease includes the following amounts at June 30, 2022:

Transportation equipment	\$ 334,001
Administrative and program equipment	<u>54,990</u>
	388,991
Less accumulated amortization	<u>169,937</u>
	\$ <u>219,054</u>

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

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 include 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 – 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 are \$1,505,212 at June 30, 2022. 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.