

Financial Statements and  
Independent Auditor's Report

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

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Envision, Creative Support for People with Developmental Disabilities (the Center), which comprise the statement of financial position as of June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of Envision, Creative Support for People with Developmental Disabilities as of June 30, 2024, 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 for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 audit. We believe 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 the Center's ability to continue as a going concern for 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 GAAS 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 GAAS 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 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 2, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Logan, Thomas & Johnson, LLC*

Castle Rock, Colorado

June 25, 2025

## *Financial Statements*

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

June 30, 2024

(With summarized financial information as of June 30, 2023)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 555,644	\$ 513,613
Investments	1,488,306	1,438,154
Accounts receivable, net of allowance for credit losses of \$0		
Fees and grants from governmental agencies	1,722,254	1,588,252
Other	41,305	40,366
Prepaid expenses and other	59,059	74,569
Total current assets	3,866,568	3,654,954
Finance lease right-of-use assets, net	393,130	152,255
Land, buildings and equipment, net	485,419	521,584
Total assets	\$ 4,745,117	\$ 4,328,793
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 630,424	\$ 584,737
Accrued personnel expenses	281,661	316,595
Current portion of finance lease liabilities	96,097	82,503
Total current liabilities	1,008,182	983,835
Long-term debt, net of current portion		
Finance lease liabilities	233,753	71,958
Total liabilities	1,241,935	1,055,793
Net assets		
Without donor restrictions		
Net investment in land, building and equipment	548,699	519,378
Undesignated	2,954,483	2,753,622
Total net assets	3,503,182	3,273,000
Total liabilities and net assets	\$ 4,745,117	\$ 4,328,793

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, 2024  
(With summarized financial information for the year ended June 30, 2023)

	Total without donor restrictions	
	2024	2023
Revenues and support		
Fees and grants from governmental agencies		
Fees for services		
State of Colorado		
State General Fund	\$ 4,320,599	\$ 3,441,764
Medicaid	3,700,894	3,796,808
County and cities	38,225	38,225
Grants and other		
Department of Health and Human Services	55,000	95,195
Colorado Department of Transportation	131,761	54,931
Part C	638,532	866,277
Other	57,674	60,577
Total fees and grants from governmental agencies	8,942,685	8,353,777
Public support		
Contributions	59,583	54,036
United Way	31,533	31,737
Residential room and board	224,846	224,106
Other revenue	610,441	293,921
Total revenues and support	9,869,088	8,957,577
Expenses		
Program services		
Residential	1,953,503	1,918,571
Supported living services	808,204	689,457
Adult day	943,637	864,952
Children's extensive support	76,811	114,883
Early intervention	2,432,413	1,798,741
Family support	544,530	689,774
Case management	2,198,258	2,396,069
Total program services	8,957,356	8,472,447
Supporting services		
Management and general	659,333	598,784
Fundraising	22,217	73,155
Total expenses	9,638,906	9,144,386
CHANGE IN NET ASSETS	230,182	(186,809)
Net assets, beginning of year	3,273,000	3,459,809
Net assets, end of year	\$ 3,503,182	\$ 3,273,000

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, 2024

(With summarized financial information for the year ended June 30, 2023)

Expenses	<b>Program Services</b>			
	Residential	Supported living services	Adult day	Children's extensive support
Salaries, benefits and taxes	\$ 809,027	\$ 357,290	\$ 655,216	\$ -
Professional services	896,889	107,095	143	52,735
Staff development and travel	1,792	1,072	2,845	-
Vehicles	8,943	22,284	55,508	-
Occupancy and equipment	104,891	16,653	41,448	-
Supplies and equipment	36,053	11,155	23,685	-
Insurance	31,811	26,839	66,809	-
Client assistance	-	210,606	-	-
Telephone	11,954	5,048	12,566	-
Other	38,748	18,721	20,761	24,076
Interest	1,416	3,169	7,682	-
Depreciation and amortization	11,979	28,272	56,974	-
Total expenses	<u>\$ 1,953,503</u>	<u>\$ 808,204</u>	<u>\$ 943,637</u>	<u>\$ 76,811</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	
					2024	2023
\$ -	\$ 33,212	\$1,930,529	\$ 457,312	\$ 2,145	\$ 4,244,731	\$ 4,249,514
2,429,297	-	15,125	64,055	2,094	3,567,433	2,850,952
-	320	9,035	10,045	-	25,109	12,158
-	-	-	-	-	86,735	85,899
-	-	111,835	38,792	4,243	317,862	316,250
-	3,618	10,818	26,759	391	112,479	106,825
-	-	47,499	12,598	605	186,161	162,680
-	502,805	-	-	-	713,411	957,227
-	219	31,405	5,330	415	66,937	78,966
3,116	4,356	22,181	36,784	11,258	180,001	171,543
-	-	891	452	16	13,626	10,858
-	-	18,940	7,206	1,050	124,421	141,514
<u>\$ 2,432,413</u>	<u>\$ 544,530</u>	<u>\$2,198,258</u>	<u>\$ 659,333</u>	<u>\$ 22,217</u>	<u>\$ 9,638,906</u>	<u>\$ 9,144,386</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, 2024  
(With summarized financial information for the year ended June 30, 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 230,182	\$ (186,809)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	124,421	141,514
Gain on termination of finance leases	(25,567)	-
Realized/unrealized gain on investments	(190,226)	(50,306)
Change in assets and liabilities		
Increase in accounts receivable	(134,941)	(66,452)
Decrease in prepaid expenses and other	15,510	15,859
Increase in accounts payable and accrued personnel expenses	1,753	162,271
Net cash provided by operating activities	21,132	16,077
Cash flows from investing activities		
Purchase of land, buildings and equipment	-	(3,001)
Purchase of investments	(2,136,762)	(822,046)
Proceeds from sale of investments	2,276,836	1,011,513
Net cash provided by investing activities	140,074	186,466
Cash flows from financing activities		
Proceeds from termination of finance leases	35,833	-
Finance lease payments	(155,008)	(78,163)
Net cash used in investing activities	(119,175)	(78,163)
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,031	124,380
Cash and cash equivalents, beginning of year	513,613	389,233
Cash and cash equivalents, end of year	\$ 555,644	\$ 513,613
Supplemental data		
Cash paid for interest	\$ 13,626	\$ 10,858
Noncash investing and financing activities		
Finance lease right-of-use assets additions acquired through finance lease arrangements	365,299	-
Finance lease down payment recorded in accounts payable	9,000	-

The accompanying notes are an integral part of this statement.

Envision, Creative Support for People with Developmental Disabilities  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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, 2024

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, 2024

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 June 25, 2025, 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 has tracked historical loss information for its accounts receivable. The Center has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have been adjusted for differences in current conditions or forecasted changes. Accordingly, the Center believes all receivables are collectible and that no allowance 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.

Envision, Creative Support for People with Developmental Disabilities  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

8. *Accounts Receivable (Continued)*

The change in the allowance for credit losses for receivables is as follows for the year ended June 30, 2024:

Allowance for credit losses, beginning of year	\$ 10,462
Charge offs	(10,462)
Allowance for credit losses, end of year	\$ -

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:

	Years
Buildings and improvements	5–30
Administrative and program equipment	5
Transportation equipment	5

10. *Leases*

The Center leases vehicles and software. The Center determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current liabilities, and operating lease liabilities on the Center’s statement of financial position. Finance leases are included in finance lease ROU assets, current liabilities, and finance lease liabilities on the Center’s statement of financial position.

ROU assets represent the Center’s right to use an underlying asset for the lease term and lease liabilities represent the Center’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Center’s leases do not provide an implicit rate, the Center uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Center’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Center will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Envision, Creative Support for People with Developmental Disabilities  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

10. *Leases (Continued)*

The Center's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Center has elected to apply the short-term lease exemption to its classes of underlying assets which are postage meter, copier and apartments. The short-term lease cost recognized and disclosed for those leases for the year ended June 30, 2024 is \$74,317. The remaining lease payments due during the year ending June 30, 2025 are \$775.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Center uses rates implicit in the lease, or if not readily available, the Center uses its incremental borrowing rate.

11. *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.

12. *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.

Envision, Creative Support for People with Developmental Disabilities  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

12. *Accounting for Contributions (Continued)*

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as increases in net assets without donor restrictions.

13. *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.

14. *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, 2024. 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, 2021.

15. *Functional Allocation of Expenses*

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

Envision, Creative Support for People with Developmental Disabilities  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

16. *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:

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.

Envision, Creative Support for People with Developmental Disabilities  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

17. *Prior Year Summarized Information and Reclassifications*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center’s financial statements as of and for the year ended June 30, 2023, from which the summarized information was derived. Certain financial information as of and for the year ended June 30, 2023 has been reclassified to conform with the presentation for the current year.

18. *Recently Implemented Accounting Standard*

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which amends the accounting guidance on the impairment of financial instruments. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL recognizes as an allowance an entity’s estimate of expected credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. CECL applies to financial assets measured at amortized cost. The Center adopted ASU 2016-13 on July 1, 2023, using the modified retrospective approach for all financial assets measured at amortized cost. Adoption of this standard did not have a significant impact on the consolidated financial statements.

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	\$ 555,644
Investments	1,488,306
Accounts receivable	<u>1,763,559</u>
	\$ <u>3,807,509</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.

Envision, Creative Support for People with Developmental Disabilities

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE B – LIQUIDITY AND AVAILABILITY (CONTINUED)

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, 2024, the Center had no outstanding balance on the line of credit.

NOTE C – INVESTMENTS

Investments at June 30, 2024 are classified as current. The following table presents the Center’s investments and the fair value hierarchy for those investments as of June 30, 2024.

	Fair Value	Level 1	Level 2	Level 3
Equity income securities - domestic	\$ 393,228	\$ 393,228	\$ -	\$ -
Exchange traded funds	658,363	658,363	-	-
Mutual funds	<u>436,715</u>	<u>436,715</u>	-	-
Total investments	\$ <u>1,488,306</u>	\$ <u>1,488,306</u>	\$ -	\$ -

NOTE D – LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consists of the following at June 30, 2024:

Buildings and improvements	\$ 1,482,027
Administrative and program equipment	337,943
Transportation equipment	<u>399,195</u>
	2,219,165
Less accumulated depreciation and amortization	<u>1,907,746</u>
	311,419
Land	<u>174,000</u>
	\$ <u>485,419</u>

Depreciation and amortization expense was \$33,072 for the year ended June 30, 2024.

NOTE E – PORTFOLIO LOAN ACCOUNT FACILITY

Envision entered into a secured variable rate portfolio loan account facility with a bank for an 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, which was 7.45% at June 30, 2024. Amounts drawn under the facility may be repaid and re-borrowed by Envision from time to time.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE E – PORTFOLIO LOAN ACCOUNT FACILITY (CONTINUED)

The facility has an indefinite term. The facility is secured by the investment portfolio. There was no outstanding balance at June 30, 2024, and interest expense for the year ended June 30, 2024, was \$0.

NOTE F – LEASES

The Center leases vehicles and software under finance leases. The leases, which are non-cancelable, expire in fiscal years 2025 and 2030. As of June 30, 2024, assets recorded under finance leases were \$649,287 and accumulated amortization associated with finance lease right-of-use assets was \$256,157.

The components of lease expense were as follows for the year ended June 30, 2024:

Short-term lease cost	\$ <u>74,317</u>
Finance lease cost	
Amortization of right-of-use assets	\$ 91,349
Interest on lease liabilities	<u>13,619</u>
Total finance lease cost	\$ <u>104,968</u>

Other information related to leases was as follows for finance leases:

Weighted-average remaining lease term	4.38 years
Weighted-average discount rate	7.71%

The future minimum lease payments under noncancelable finance leases with terms greater than one year as of June 30, 2024 are as follows:

Year ending June 30,	
2025	\$ 118,172
2026	70,897
2027	67,552
2028	67,552
2029	64,816
2030	<u>2,570</u>
	391,559
Less amount representing interest	<u>61,709</u>
Total minimum lease payments	329,850
Less current portion	<u>96,097</u>
Long-term finance lease liabilities	\$ <u>233,753</u>

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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 – CONCENTRATIONS

The Center receives a substantial amount of revenue from the State of Colorado. For the year ended June 30, 2024, the Center received \$8,660,025 from the State of Colorado derived from State and Federal sources which comprises 88% of total revenue. In addition, the Center has State of Colorado related receivables of \$1,634,482 which comprises 93% of total accounts receivable at June 30, 2024.